From:	Ken Kandeepan
To:	Carlos Yep; James Devine
Cc:	Mike Manning; Ronald Kwan; John Kim; John Psinas
Subject:	2017 09 29 OFHP Business Issues v01.pptx
Date:	Sunday, October 01, 2017 1:04:09 PM
Attachments:	2017 09 29 OFHP Business Issues v01.pptx

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

Thanks

Ken k

OFHP Business Issues

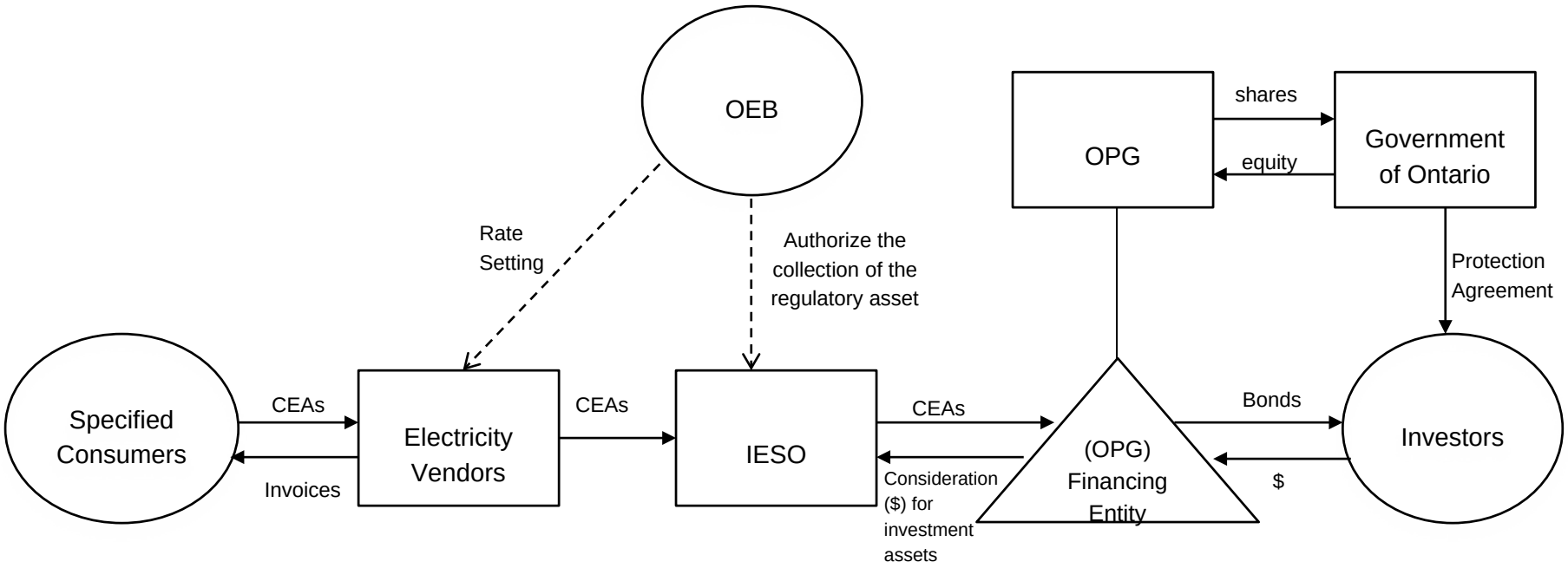
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

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

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provincial Protection and Assurances Agreement

Overview:

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

Provincial Protection and Assurances Agreement (Con't)

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

Next Steps:

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

Fair Allocation Amount

Overview:

- xx

Next Steps:

- xx

Management Fees Regulation

Overview:

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

Next Steps:

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

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- xx

Equity Injections

Overview:

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

Next Steps:

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

Subordinated Debt Agreement

Overview:

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

Next Steps:

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

PILs Exemption

Overview:

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

Next Steps:

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

From: Ronald Kwan
To: Charles Sousa (MOF)
Subject: Accepted: DM and Minister Briefing | Change of Law Assumption Agreement (Fair Hydro Plan) Submission

From: Ronald Kwan
To: Ramchandani, Rima
Subject: Accepted: FW: UPDATED - Fair Hydro -- Change of Law Agreements
Start: Tuesday, November 21, 2017 5:00:00 PM
End: Tuesday, November 21, 2017 10:00:00 PM
Location: Torys - 79 Wellington 33rd Floor

From: Ronald Kwan
To: Anna Strathy
Subject: Accepted: Internal review of OPG comments on Provincial Protection Agreement

From: Ronald Kwan
To: Anna Strathy
Subject: Accepted: Provincial Protection Agreement, Review | OFA, Energy, Legal Counsel, Blakes

From: Ronald Kwan
To: Anna Strathy
Subject: Accepted: Provincial Protection and Process Agreements, Review | OFA, Energy, Legal Counsel, Blakes

From: Ronald Kwan
To: Anis Hirani
Subject: Accepted: Provincial Support Agreement - OPG

From: Ronald Kwan
To: Hresa Gavaris
Subject: Accepted: Regroup | Protection Agreement

From:	Anna Strathy
To:	Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Veinot, Cindy (TBS); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Malle Hanslep (MOF); "stephen.ashbourne@blakes.com"; Hresa Gavaris
Cc:	Gadi Mayman; John Psinas
Subject:	Adherence Process for Change of Law Protection Agreement | OFA, OPCD, MOF, Legal Counsel

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to moderate

Please call Hresa at 5-8002 upon arrival

From:	Anna Strathy
To:	Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Veinot, Cindy (TBS); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Malle Hanslep (MOF); "stephen.ashbourne@blakes.com"; Hresa Gavaris
Cc:	Gadi Mayman
Subject:	Adherence Process for Change of Law Protection Agreement | OFA, OPCD, MOF, Legal Counsel

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Please call Hresa at 5-8002 upon arrival

From: Ronald Kwan
To: John Kim
Subject: Adherence Process for Change of Law Protection Agreement | OFA, OPCD, MOF, Legal Counsel
Date: Thursday, October 12, 2017 2:53:03 PM

Hi,

I assume you are attending.

Ron

Adherence Process for Change of Law Protection Agreement | OFA, OPCD, MOF, Legal Counsel
Scheduled: Thursday, Oct 12, 2017 from 3:00 PM to 3:45 PM
Location: Executive Boardroom, 14th Floor, 1 Dundas Street OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656
Invitees: John Psinas, Cengarle, John (MOF), Carlos Yep, John Kim, Tobias P. Whitfield (MOF), Veinot, Cindy (TBS), Thouin, Alena (ENERGY), Malle Hanslep (MOF), Ken Kandeepan, Mike Manning, James Devine, Scott Nelms (ENERGY), 'stephen.ashbourne@blakes.com', Keley Katona (ENERGY), Mark Donaldson (MOF), Tom McKinlay (MAG), Gadi Mayman, Anna Strathy, Anis Hirani, Hresa Gavaris, Usman Zahid

From: Tekle, Jonathan (MOF)
To: Ronald Kwan
Cc: Usman Zahid
Subject: Cabinet today - TB\MBC Report In
Date: Wednesday, September 27, 2017 11:01:29 AM

Hi Ron,

I've just been informed that they will be profiling the Provincial Protection Agreement item as part of the TB\MBC report in at cabinet today. I've mentioned this to Scott N's office already, but think you should be there as well.

The Report in is scheduled to start at 2:15 pm in the Council Chamber so you should aim to be there for 2:00 pm. We can cut our MO bi-weekly short in order for you to be there on time.

The Chair – Minister Sandals will be providing remarks but may turn to Scott or yourself if there are any questions.

Please let me know if you have any questions.

Cheers,
Jonathan

From:	VINER, JON
To:	Gadi Mayman; Anna Strathy; Ken Kandeepan; Ronald Kwan; Mike Manning; John Kim; Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Steen Hume (CAB); Hilary Cox (ENE); Tim Christie (ENERGY); Daniel Cayley (ENERGY); John Psinas
Cc:	ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject:	Change of Law agreements
Date:	Monday, December 04, 2017 12:06:22 PM
Attachments:	23239360-v22-Change of Law Protection Agreement.DOCX 23263869-v2-DBRS Comments (Change of Law Protection Agreement).DOCX 23239361-v19-Change of Law - Process Agreement.DOCX DBRS responses - Comments.pdf Protection - BL v Dec 3 draft.pdf Process - BL v Dec 3 draft.pdf Protection - BL v Torys draft (Nov 24).pdf Process - BL v Torys draft (Nov 24).pdf

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All,

Please find attached clean and blacklined copies of the Change of Law Protection and Process Agreements that can be circulated to OPG.

I've attached blacklines against: (i) the OPG/Torys November 24 draft (for circulation to OPG/Torys); and (ii) yesterday's December 3 draft (for your review).

I have also attached our comments on Torys' proposed responses to DBRS. You may wish to send this with the revised Change of Law agreements, or alternatively, we can circulate this to Torys.

Kind regards,
Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

Blake, Cassels & Graydon LLP
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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Draft: December 4, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Explanatory Note: Logistics of closing are under consideration by the Province.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Intentionally Deleted

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or

release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee shall (unless the Rating Agency Condition has been satisfied with respect to a demand not being made as a result of the Protection Event), deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under

[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.

such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**");

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day;

(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(B) and as a payee of any amounts payable under clause 2.01(a)(v), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period,

not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by

such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all

rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the

extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

[6] Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be under the Trust Indenture. Please conform.

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit B (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written

certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[7] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

[7] Explanatory Note: Province requires a Process Certificate for each monthly draw.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account or required to be held in the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

[8] Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

[9] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[10] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

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[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[11] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

DBRS Comments on Change of Law Protection Agreement

Below are DBRS comments on the draft Change of Law Protection Agreement sent to DBRS on November 22. Our responses are noted below each comment.

(1) Will there be a legal opinion addressing the binding nature and enforceability of the Protection Agreement on its terms?

> ***Torys Response***: Yes, legal opinions regarding the enforceability of the Change of Law Protection Agreement will be delivered on closing (subject to appropriate limitations for enforceability opinions delivered in respect of contracts executed by the Province).[1]

(2) Section 1.15: DBRS expects any material amendment or material waiver to the agreement to be subject to a RAC and prompt notice of any other amendments/waivers/consents.

> ***Torys Response***: The Change of Law Protection Agreement is a Program Agreement under the Trust Indenture. As such, material amendments are covered off by section 13.18 of the Trust Indenture, which states that unless the Rating Agency Condition is satisfied, the Issuer will not amend any Program Agreement (other than the Trust Indenture, Derivative Agreements and the Declaration of Trust) if any such amendment could reasonably be considered to be materially prejudicial to the rights or interests of [any] [the relevant] Specified Creditor(s), except as expressly permitted by such Specified Creditor.

(3) Section 2.01: Please provide DBRS prompt written notice of a Protection Event.

> ***Torys Response***: This change has been made.

(4) Section 2.01 (a): "Payment Date" is not defined in this Agreement. Is the reference to the Guarantee Payment Date?

> ***Torys Response***: This was a typo. The reference to "Payment Date" has been changed to "Guarantee Payment Date".

(5) Section 2.01 (a)(iv)(ii): Subrogated Amounts: this calculation is confusing and seems to missing the next prong "y". Is the subrogated amount the amount that has been actually paid to the Beneficiary by the Province in relation to the amounts payable from amounts available?

> ***Torys Response***: The "Subrogation Amounts" to which the Province are entitled are the amounts that would otherwise be payable to Beneficiary Payees in respect of an Approved Obligation from amounts available (from Clean Energy Adjustments collected) to pay such Beneficiary Payees. These Subrogation Amounts are determined without regard to the payments from the Province to Beneficiary Payees (now defined as "Guarantee Payments") in performing on the guarantee.

[1] **Note to Torys:** Please confirm that opinions to include opinions in respect of Protection Agreement against Fair Hydro Trust, and that those opinions will be available for review by the Province at closing. Note that "customary" (in "customary limitations") is not accurate given the unique nature of these arrangements.

In circumstances where (i) a Protection Event has occurred; and (ii) all amounts payable under Approved Obligations are paid in full, the Province will also be entitled to receive a "Final Subrogation Amount", which is the amount by which Guarantee Payments exceed the sum of all Subrogation Amounts paid to the Province. These Final Subrogation Amounts are subject to priorities and pro rata sharing with non-guaranteed obligations (if any).

(6) To the extent the amounts paid by the Province into the Protection Account exceed the amounts payable to Beneficiary from amounts available – is that excess the subrogation amount or is that excess just returned to the Province?

Torys Response: Any excess of amounts paid by the Province into the Protection Account over amounts paid to Beneficiary Payees would be returned to the Province. Please note that the amounts paid to Beneficiary Payees is determined without reference to amounts available from Clean Energy Adjustment collections (as the "Protection Event" trigger would itself have impaired collection of Clean Energy Adjustments).

Any excess over the amounts paid to Beneficiary Payees would be returned to the Province.

(7) As a general comment: With respect to subrogation amounts owing to the Province - the Province seems to maintain a subrogated claim against the Financing Entity that has the same ranking as the Beneficiary obligation that has been paid by the Province and that subrogated claim is to be paid on the same date the amounts on deposit in the Protection Account are paid to the Beneficiary (i.e. the Province's subrogated claim becomes a Specified Creditor under the Trust Indenture and potentially ranks in priority or pari passu to all other securityholders claims depending on applicable Beneficiary's obligation's respective ranking within the trust indenture waterfall). How will this subrogated claim be satisfied – from what resources? Why has the right of subrogation of the guarantor (the Province) not been postponed until after all the rated obligations have been paid in full?

Torys Response: Prior to a Protection Event, payments owing to Specified Creditors are satisfied through collection of the Clean Energy Adjustment amounts. Upon the occurrence of a Protection Event and delivery of a Payment Demand, the Province will be required to make all payments under Approved Obligations (i.e. Specified Creditors will be looking to the Province to make payments when due, instead of relying on the collection of Clean Energy Adjustment amounts). However, notwithstanding the occurrence of a Protection Event triggering the Limited Guarantee, the Fair Hydro program will remain in place and Clean Energy Adjustments may continue to be billed and collected. In such a circumstance, while the Province will be required to make payments under Approved Obligations as they come due in amounts determined by reference to the "Approved Obligation Amounts", applied in accordance with the applicable payment waterfall priorities, the Province (in place of Specified Creditors) would be entitled to receive any Clean Energy Adjustment amounts that are billed and collected i.e. the Clean Energy Adjustment amounts collected constitute Subrogation Amounts.

(8) Section 4.02: Adherence Obligations: With respect to Funding Obligations under a certain amount that do not need to meet the Adherence Conditions, what would those Funding Obligations consist of? Are these limited amounts still treated as Primary Obligations pursuant to which the guarantee obligation applies?

Torys Response: All Funding Obligations (and all other finance amounts) constitute Primary Obligations pursuant to which the Change of Law Protection Agreement applies; however, there is a subset of Funding Obligations for which the Adherence Conditions must be satisfied.

The Agreement will be revised to make clear that there are no Adherence Conditions applicable to Funding Obligations that are not "Certified Primary Obligations". "Certified Primary Obligations" will mean Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

(9) Section 4.03: Is 4.02(b)(x) a typo? There is no "x" in 4.02(b)?

Torys Response: This is a typo and has been corrected.

(10) Section 5.01 (a): As per the question above on section 2.01(a)(iv)(ii), please clarify how the Subrogation Amount is calculated (if not based on the actual amount paid by the Province in respect of amounts payable).

Torys Response: Please see the response to Question 5.

(11) Section 6.01: Why is it at the Province's election to provide the Indenture Trustee notice of the Province's election to assume the Financing Entity's Obligations Secured? Under what circumstances would the Province decide not to provide the Indenture Trustee notice of its election to assume? In any event, DBRS expects to receive prompt written notice of an election to assume and copy of any such Assumption Notice.

Torys Response: The Assumption Election has been removed from the Agreement.

(12) Section 6.04: How long can the Interim Period be in effect during the implementation and completion of the assumption terms? Are the securityholders and Indenture Trustee stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the Interim Period? Are there any other restrictions on the SPV Financing Entity and/or the securityholders during the Interim Period?

Torys Response: The Assumption Election has been removed from the Agreement.

(13) Section 8.01: Under this section the Province may declare at any time for any reason that the guarantee shall not apply to any Obligation Secured incurred on after the date of such declaration (other than the refinancing of a previously incurred funding obligation) by delivering a "Suspension Notice" to the Indenture Trustee/OPG/SPV.

Please provide DBRS with prompt written notice of any such Suspension Notice.

Torys Response: This change has been made. Please note that we have revised the Change of Law Protection Agreement such that the Province may deliver a Suspension Notice in certain specified circumstances (but no longer "at any time for any reason").

Please confirm how the Suspension Notice would apply with respect to refinancing, increases or issuances up the program limits under the Warehouse Supplement. For example if a suspension notice is issued does the suspension apply to any issuance of notes for the purposes of refinancing outstanding ABCP? Or does this type of refinancing fall within the carve-out from a suspension notice, "Refinancing of a Primary Obligation" noted in this section 8.01?" Further, will issuances after the Suspension Notice but up to the program limit or already permitted increases be subject to a Suspension Notice?

Torys Response: Any debt issued on a refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied prior to delivery of the Suspension Notice (which will include the debt already issued under the Warehouse Supplement) will continue to have the benefit of the Limited Guarantee following the delivery of the Suspension Notice. In other words, any debt issued on the refinancing of "protected debt" will continue to be "protected debt" following the Suspension Notice (provided that the Adherence Conditions are satisified in respect of debt issued on the refinancing). Except for refinancing of protected debt, no other Primary Obligations incurred after the delivery of a Suspension Notice will have the benefit of the Limited Guarantee.

(16) Section 8.03: Please provide DBRS with prompt written notice of any such Termination Notice.

Torys Response: We have revised the Change of Law Protection Agreement to remove the concept of a "Termination Notice".

(17) Section 9.03: Please provide DBRS with prompt written notice of any assignment.

Torys Response: This change has been made.

(18) Definitions: Approved Obligation Amount (subsection (b)): Where an acceleration has occurred, how will this calculation address circumstances under which the CEA is no longer able to be charged or collected? Where amounts that would be available to be paid is compromised in some way and acceleration has occurred, could the Approved Obligation Amount be nil?

Torys Response: Subsection (b) of the definition of an Approved Obligation Amount provides that this amount is to be determined on the assumption that the amount available

for allocation to Specified Creditors is equal to the estimated finance amount determined in respect of such reference period divided by the number of months in the reference period. In other words, the amount payable under the Limited Guarantee following a Protection Event would be determined in the same way that the amount payable through Clean Energy Adjustment collections would have been determined prior to the Protection Event (except determined without a “true-up”). The Approved Obligation Amount is by definition a positive amount payable in respect of an Approved Obligation to a beneficiary payee based on the priorities in the applicable waterfall and could therefore not be a nil amount.

Draft: December 4, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] Explanatory Note: Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $**[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the

Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be

provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(b) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(b) of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including

pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate

contemplated by Subsection 4.02(b) of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

DBRS Comments on Change of Law Protection Agreement

Below are DBRS comments on the draft Change of Law Protection Agreement sent to DBRS on November 22. Our responses are noted below each comment.

(1) Will there be a legal opinion addressing the binding nature and enforceability of the Protection Agreement on its terms?

> ***Torys Response***: Yes, legal opinions regarding the enforceability of the Change of Law Protection Agreement will be delivered on closing (subject to ~~customary~~appropriate limitations for enforceability opinions delivered in respect of contracts executed by the Province).[1]

(2) Section 1.15: DBRS expects any material amendment or material waiver to the agreement to be subject to a RAC and prompt notice of any other amendments/waivers/consents.

> ***Torys Response***: ~~We will make these changes.~~The Change of Law Protection Agreement is a Program Agreement under the Trust Indenture. As such, material amendments are covered off by section 13.18 of the Trust Indenture, which states that unless the Rating Agency Condition is satisfied, the Issuer will not amend any Program Agreement (other than the Trust Indenture, Derivative Agreements and the Declaration of Trust) if any such amendment could reasonably be considered to be materially prejudicial to the rights or interests of [any] [the relevant] Specified Creditor(s), except as expressly permitted by such Specified Creditor.

(3) Section 2.01: Please provide DBRS prompt written notice of a Protection Event.

> ***Torys Response***: ~~We will make this~~This change has been made.

(4) Section 2.01 (a): "Payment Date" is not defined in this Agreement. Is the reference to the Guarantee Payment Date?

> ***Torys Response***: This was a typo. The reference to "Payment Date" ~~will be~~has been changed to "Guarantee Payment Date".

(5) Section 2.01 (a)(iv)(ii): Subrogated Amounts: this calculation is confusing and seems to missing the next prong "y". Is the subrogated amount the amount that has been actually paid to the Beneficiary by the Province in relation to the amounts payable from amounts available?

> ***Torys Response***: ~~This will be revised to refer to the lesser of (x) and (y).~~The "Subrogation Amounts" to which the Province are entitled are the amounts that would otherwise be payable to Beneficiary Payees in respect of an Approved Obligation from amounts available (from Clean Energy Adjustments collected) to pay such Beneficiary Payees. These Subrogation Amounts are determined without regard to the payments from

[1] **Note to Torys:** Please confirm that opinions to include opinions in respect of Protection Agreement against Fair Hydro Trust, and that those opinions will be available for review by the Province at closing. Note that "customary" (in "customary limitations") is not accurate given the unique nature of these arrangements.

the Province to Beneficiary Payees (now defined as "Guarantee Payments") in performing on the guarantee.

In circumstances where (i) a Protection Event has occurred; and (ii) all amounts payable under Approved Obligations are paid in full, the Province will also be entitled to receive a "Final Subrogation Amount", which is the amount by which Guarantee Payments exceed the sum of all Subrogation Amounts paid to the Province. These Final Subrogation Amounts are subject to priorities and pro rata sharing with non-guaranteed obligations (if any).

(6) To the extent the amounts paid by the Province into the Protection Account exceed the amounts payable to Beneficiary from amounts available – is that excess the subrogation amount or is that excess just returned to the Province?

Torys Response: Any excess of amounts paid by the Province into the Protection Account over amounts paid to Beneficiary Payees would be returned to the Province. Please note that the amounts paid to Beneficiary Payees is determined without reference to amounts available from Clean Energy Adjustment collections (as the "Protection Event" trigger would itself have impaired collection of Clean Energy Adjustments).

Any excess ~~amount~~over the amounts paid to Beneficiary Payees would be returned to the Province.

(7) As a general comment: With respect to subrogation amounts owing to the Province - the Province seems to maintain a subrogated claim against the Financing Entity that has the same ranking as the Beneficiary obligation that has been paid by the Province and that subrogated claim is to be paid on the same date the amounts on deposit in the Protection Account are paid to the Beneficiary (i.e. the Province's subrogated claim becomes a Specified Creditor under the Trust Indenture and potentially ranks in priority or pari passu to all other securityholders claims depending on applicable Beneficiary's obligation's respective ranking within the trust indenture waterfall). How will this subrogated claim be satisfied – from what resources? Why has the right of subrogation of the guarantor (the Province) not been postponed until after all the rated obligations have been paid in full?

Torys Response: Prior to a Protection Event, payments owing to Specified Creditors are satisfied through collection of the Clean Energy Adjustment amounts. Upon the occurrence of a Protection Event and delivery of a Payment Demand, the Province will be required to make all payments under Approved Obligations (i.e. Specified Creditors will be looking to the Province to make payments when due, instead of relying on the collection of Clean Energy Adjustment amounts). However, notwithstanding the occurrence of a Protection Event triggering the Limited Guarantee, the Fair Hydro program ~~may~~will remain in place and Clean Energy Adjustments may continue to be billed and collected. In such a circumstance, while the Province will be required to make payments under ~~all~~ Approved Obligations as they come due in amounts determined by reference to the "Approved Obligation Amounts", applied in accordance with the applicable payment waterfall priorities, the Province (in place of Specified Creditors) would be entitled to receive any Clean Energy Adjustment amounts that are billed and

collected i.e. the Clean Energy Adjustment amounts collected constitute ~~the Subrogated~~Subrogation Amounts.

(8) Section 4.02: Adherence Obligations: With respect to Funding Obligations under a certain amount that do not need to meet the Adherence Conditions, what would those Funding Obligations consist of? Are these limited amounts still treated as Primary Obligations pursuant to which the guarantee obligation applies?

Torys Response: All Funding Obligations (and all other finance amounts) constitute Primary Obligations pursuant to which the Change of Law Protection Agreement applies; however, there is a subset of Funding Obligations for which the Adherence Conditions must be satisfied.

The Agreement will be revised to make clear that there are no Adherence Conditions applicable to Funding Obligations that are not "Certified Primary Obligations". "Certified Primary Obligations" will mean Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

(9) Section 4.03: Is 4.02(b)(x) a typo? There is no "x" in 4.02(b)?

Torys Response: This is a typo and ~~will be~~has been corrected.

(10) Section 5.01 (a): As per the question above on section 2.01(a)(iv)(ii), please clarify how the Subrogation Amount is calculated (if not based on the actual amount paid by the Province in respect of amounts payable).

Torys Response: Please see the response to ~~question (7) above.~~Question 5.

(11) Section 6.01: Why is it at the Province's election to provide the Indenture Trustee notice of the Province's election to assume the Financing Entity's Obligations Secured? Under what circumstances would the Province decide not to provide the Indenture Trustee notice of its election to assume? In any event, DBRS expects to receive prompt written notice of an election to assume and copy of any such Assumption Notice.

Torys Response: ~~As described in response to question (7), upon the occurrence of a Protection Event and delivery of a Payment Demand, the Limited Guarantee is triggered and the Province is obligated to make all payments in respect of Approved Obligations. However, notwithstanding the Limited Guarantee taking effect, the Financing Entity will~~

~~continue to exist and the entire program structure may stay in place (and Clean Energy Adjustment amounts may continue to be billed and collected). The assumption right of the Province has been included to provide the Province with the flexibility to wind-up the Financing Entity and dismantle the program by assuming all of the Obligations Secured. In either case, following the occurrence of a Protection Event, the Province will be obligated to make all payments in respect of Approved Obligations.~~The Assumption Election has been removed from the Agreement.

~~We will add a rating agency notice requirement and a covenant to deliver to the rating agencies a copy of the Assumption Notice as requested.~~

(12) Section 6.04: How long can the Interim Period be in effect during the implementation and completion of the assumption terms? Are the securityholders and Indenture Trustee stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the Interim Period? Are there any other restrictions on the SPV Financing Entity and/or the securityholders during the Interim Period?

Torys Response: The ~~details of any assignment and assumption by the Province will be addressed in the supplemental indenture relating to a particular issuance of Funding Obligations. Securityholders and the Indenture Trustee will not be stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the interim period.~~Assumption Election has been removed from the Agreement.

~~While there are no restrictions on the Financing Entity during the interim period, under a process agreement between OPG and the Province, after the occurrence of any Protection Event, OPG has agreed that it shall not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.~~

(13) Section 8.01: Under this section the Province may declare at any time for any reason that the guarantee shall not apply to any Obligation Secured incurred on after the date of such declaration (other than the refinancing of a previously incurred funding obligation) by delivering a "Suspension Notice" to the Indenture Trustee/OPG/SPV.

Please provide DBRS with prompt written notice of any such Suspension Notice.

Torys Response: ~~We will make this change.~~This change has been made. Please note that we have revised the Change of Law Protection Agreement such that the Province may deliver a Suspension Notice in certain specified circumstances (but no longer "at any time for any reason").

Please confirm how the Suspension Notice would apply with respect to refinancing, increases or issuances up the program limits under the Warehouse Supplement. For example if a suspension notice is issued does the suspension apply to any issuance of notes for the purposes of refinancing outstanding ABCP? Or does this type of refinancing fall within the carve-out from a

suspension notice, “Refinancing of a Primary Obligation” noted in this section 8.01?” Further, will issuances after the Suspension Notice but up to the program limit or already permitted increases be subject to a Suspension Notice?

> ***Torys Response***: Any debt issued on a refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied prior to delivery of the Suspension Notice (which will include the debt ~~issuable~~already issued under the Warehouse Supplement) will continue to have the benefit of the Limited Guarantee following the delivery of the Suspension Notice. In other words, any debt issued on the refinancing of “protected debt” will continue to be “protected debt” following the Suspension Notice (provided that the Adherence Conditions are satisified in respect of debt issued on the refinancing). Except for refinancing of protected debt, no other Primary Obligations incurred after the delivery of a Suspension Notice will have the benefit of the Limited Guarantee.

(16) Section 8.03: Please provide DBRS with prompt written notice of any such Termination Notice.

> ***Torys Response***: We ~~will make this change.~~have revised the Change of Law Protection Agreement to remove the concept of a “Termination Notice”.

(17) Section 9.03: Please provide DBRS with prompt written notice of any assignment.

> ***Torys Response***: ~~We will make this~~This change has been made.

(18) Definitions: Approved Obligation Amount (subsection (b)): Where an acceleration has occurred, how will this calculation address circumstances under which the CEA is no longer able to be charged or collected? Where amounts that would be available to be paid is compromised in some way and acceleration has occurred, could the Approved Obligation Amount be nil?

> ***Torys Response***: Subsection (b) of the definition of an Approved Obligation Amount provides that this amount is to be determined on the assumption that the amount available for allocation to Specified Creditors is equal to the estimated finance amount determined in respect of such reference period divided by the number of months in the reference period. In other words, the amount payable under the Limited Guarantee following a Protection Event would be determined in the same way that the amount payable through ~~CEA~~Clean Energy Adjustment collections would have been determined prior to the Protection Event (except determined without a “true-up”). The Approved Obligation Amount is by definition a positive amount payable in respect of an Approved Obligation to a beneficiary payee based on the priorities in the applicable waterfall and could therefore not be a nil amount.

Document comparison by Workshare Compare on Monday, December 04, 2017 11:57:56 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23263869/1
Description	TOR_2528-#23263869-v1-DBRS_Comments_(Change_of_Law_Protection_Agreement)
Document 2 ID	PowerDocs://TOR_2528/23263869/2
Description	TOR_2528-#23263869-v2-DBRS_Comments_(Change_of_Law_Protection_Agreement)
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
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Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	35
Deletions	26
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	61

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] ~~This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled. **Note to Torys**~~Explanatory Note: Logistics of closing are under consideration by the Province.

[2] ~~**Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.~~

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] ~~**Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.~~

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Intentionally Deleted

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant,

representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee shall (~~absent~~unless the Rating Agency Condition ~~being~~has been satisfied with respect to a demand not being made as a result of the Protection Event~~ not occurring~~), deliver a written demand, substantially in the form attached

as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation ~~Amounts~~Entitlements specified below~~, on the specified Guarantee Payment Date~~:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the ~~lesser of (x) the~~ amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to ~~subclause 2.01(a)iv(A), and (y) the amount paid~~the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to ~~clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such amounts paid to Beneficiary Payees being "**Subrogation Amounts**~~subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**");~~ and~~[4]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in

[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.

[4] ~~**Note:** The Province will be entitled to receive cash flows that would have been required to pay Approved Obligations remaining under the payment waterfalls after satisfaction of all Approved Obligations. Further consideration is required in order to ensure these amounts are paid to the Province, despite those amounts not being paid on a "Guarantee Payment Date" (ie. no amount is paid by the Province under the Limited Guarantee on those later Payment Dates, so currently not covered as not arising on a Guarantee Payment Date). Those residual entitlements must be included as "Subrogation Amounts".~~

each case that ranks equal with or subordinate to an Approved Obligation in respect of which ~~an amount~~a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right ~~or~~of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such ~~amounts.~~Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day;

(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and

(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable ~~for the Guarantee Payment Date~~ under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) ~~and~~, as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(B) and as a payee of any amounts payable under clause 2.01(a)(v), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation ~~Amounts~~Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is

established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation ~~Amounts~~Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers

of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation

~~Amounts~~Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[5][6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the

[5] ~~**Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The~~[6] Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be ~~consistent with those in~~under the Trust Indenture. Please conform.

form of Exhibit B (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business

Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[6]7 (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

[6] ~~**Torys Query**: For a warehouse facility, does the~~[7] Explanatory Note: Province ~~want a~~requires a Process Certificate for each monthly draw~~? **Note to Torys:** Yes~~.

[7] ~~**Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.~~

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account or required to be held in the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date[8]; and (ii) any obligation to pay the

[8] Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[8]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[9]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay

[8] ~~**Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Pay ment Date.~~

[9] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

[9] ~~**Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.~~

Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[10] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.~~10~~[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation ~~Amounts~~Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

~~10 **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Torys**~~[11] Explanatory Note: The General Regulation ~~specifically~~ provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" ~~are~~be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on Monday, December 04, 2017 11:54:21 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/21
Description	TOR_2528-#23239360-v21-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/22
Description	TOR_2528-#23239360-v22-Change_of_Law_Protection_Agreement
Rendering set	standard

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~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	82
Deletions	60
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	142

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] ~~This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled. **Note to Torys**~~Explanatory Note: Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"~~. The~~; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed~~. The~~; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $**[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the

Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered;[2] for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

~~[2] **Note to Torys:** We believe the revision makes clear that OPG is only certifying as to the Protection Agreement Maximum as at the date the Process Certificate is delivered.~~

3.02 Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in ~~[~~Subsection 4.02(b)~~]~~ of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in ~~[~~Subsection 4.02(b)~~]~~ of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under ~~[~~Subsection 4.02(b)~~]~~ of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under ~~[~~Section 7.01~~]~~ of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to ~~[~~Section 7.01~~]~~ of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between

the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to ~~[Section~~Sections 1.05, 2.01 or 5.01~~]~~ of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more

than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by ~~Section [~~Subsection ~~4.02]~~(b) of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes,

bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Document comparison by Workshare Compare on Monday, December 04, 2017 11:57:19 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/18
Description	TOR_2528-#23239361-v18-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/19
Description	TOR_2528-#23239361-v19-Change_of_Law_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	15
Deletions	29
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	44

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] ~~This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal~~Explanatory Note: Logistics of closing are under consideration by the Province.

[2] ~~Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust.~~

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] ~~We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.~~

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Proof of Approved Obligations~~Intentionally Deleted

~~The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.~~

~~Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.~~

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a

Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~may~~shall (unless the Rating Agency Condition has been satisfied with respect to a demand not being made as a result of the Protection Event), deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation ~~Amounts~~Entitlements specified below~~, on the specified Guarantee Payment Date~~:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand ~~and prior to the Assumption Effective Date, if any, (~~(each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder ~~(a "**Guarantor Settlement Statement**")~~[4].

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved

[4] ~~Given timing, we would appreciate if the parties did not negotiate this form now.~~

Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the ~~lesser of (x) the~~ amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to ~~subclause 2.01(a)iv(A), and (y) the amount paid~~the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to ~~clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments~~subclause 2.01(a)iv(A) (each such amount payable to the

[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.

Province being a "**Subrogation ~~Amounts~~Amount**");~~ and~~[5]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which ~~an amount~~a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right ~~or~~of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such ~~amounts.~~Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:

(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations],

[5] ~~We thought this section required tweaking to reflect the intention of the parties.~~

[3] Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.

[4] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day;

(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and

(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations],

[5] Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.

plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable ~~for the Guarantee Payment Date~~ under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts ~~and~~under clause 2.01(a)(iv)(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(B) and as a payee of any amounts payable under clause 2.01(a)(~~iv)(B~~v), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation ~~Amounts~~Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection

Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation ~~Amounts~~Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section ~~9.01~~8.01.[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of

[6] ~~We made this change to be consistent with the termination clause in section 9.01.~~

sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, ~~agrees~~designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions~~7~~

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for

~~7 We would propose that the certification in section 4.02(b) of the Protection Agreement track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province.~~

clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has ~~provided to the Province all certifications required by~~delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the ~~incurrence of such~~adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the ~~incurrence of a~~adherence of the Limited Guarantee to the Certified Primary Obligation.[9]

[8] ~~We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.~~

[9] ~~This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.~~

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation ~~Amounts~~Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes

the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee ~~shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.~~[10]may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee ~~or~~and subrogee~~, as applicable,~~ of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section ~~2.01.~~7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

[10] ~~These changes were made to conform to the latest draft of the Trust Indenture, a copy of which will be circulated soon.~~

ARTICLE VI
NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED[11]

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of such Obligations Secured will be effective (each such date being an "**Assumption Closing Date**").[12]

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province by the applicable Assumption Closing Date.

6.03 Effect of Assignment and Assumption

On the date that the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under such Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom.

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee with respect to those Obligations Secured.

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[11] Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.

[12] It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 ~~7.03~~ Representations and Covenants of the Indenture Trustee~~13~~[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII~~ARTICLE VIII~~
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 ~~8.01~~ Suspension Notice

Upon:

(a) a Program Breach; ~~or~~

(b) a default in the performance, or breach, of any covenants ~~or representations of the FSM~~of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with ~~an incurrence or amendment of Primary~~

~~13 The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion~~[6] Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be under the Trust Indenture. Please conform.

~~Obligations~~its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to ~~the FSM~~OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) ~~(c)~~ the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit ~~C~~B (a "**Suspension Notice**") ~~to the Province~~ to the Indenture Trustee, the FSM and the Financing Entity.[15]

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 ~~8.02~~ Suspension

If a Suspension Notice has been provided under Section ~~8.01~~7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred[16] or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~. For greater certainty, the rights of the Province under~~

~~[14] We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

~~[15] OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.~~

~~[16] We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

~~Article VI shall apply in respect of the Obligations Secured referenced in Section 6.01, including if incurred on or after the time such Suspension Notice is delivered.~~[17] (provided that the Refinancing is an Approved Obligation).

7.03 ~~8.03~~ No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ARTICLE VI~~ (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII~~ARTICLE IX~~
MISCELLANEOUS

8.01 ~~9.01~~ Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 ~~9.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

[17] ~~We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.~~

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

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

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

~~9.07 Intentionally Deleted~~

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of ~~the~~a Certified Primary ~~Obligations~~Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

~~"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the applicable Supplemental Indenture or Loan Agreement affected by the assignment and assumption contemplated under Article VI,~~

~~which agreement shall be in substantially the form of assumption agreement set forth in the applicable Supplemental Indenture or Loan Agreement.~~

~~"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that ~~are payment obligations that~~ are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[~~18~~7] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[~~19~~]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency

[~~18~~] ~~Query: For a warehouse facility, does the~~[7] Explanatory Note: Province ~~want a~~requires a Process Certificate for each monthly draw~~?~~.

[~~19~~] ~~This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed ~~thereto in the *Securities Act* (Ontario).~~ to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.[20]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

[20] ~~We are merely conforming this definition to the definition of Indenture Trustee.~~

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

~~"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~a 1992~~an ISDA Master Agreement ~~(Multi-Currency – Cross-Border)~~ as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~21~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

~~21 The definition of Notes is not used in the Agreement.~~

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account or required to be held in the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[22]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[23]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

[8] Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

[22] ~~These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise.~~

[9] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

[23] ~~We deleted early amortization events because that is no longer a concept used in the Trust Indenture.~~

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" ~~means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.~~[24][10] has the meaning ascribed to the term "refinancing" in the Act as of the date

[10] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation ~~Amounts~~Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

~~[24] Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure~~[11] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings ~~do not have to~~" be simultaneous with the repayment of ~~the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be)~~existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

~~23239360.17~~12923187.3

~~24533583.2~~

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

~~[NTD: Blakes to provide draft]~~

~~**EXHIBIT C**~~
~~**SUSPENSION NOTICE**~~

~~**[NTD: Blakes to provide draft]**~~

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on Monday, December 04, 2017 11:55:46 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/18
Description	TOR_2528-#23239360-v18-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/22
Description	TOR_2528-#23239360-v22-Change_of_Law_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	159
Deletions	170
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	333

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] ~~This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal~~Explanatory Note: Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of ~~Primary~~ Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents ~~listed on Exhibit "A"~~, and the Province has not objected to such forms ~~and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement~~.

~~Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "**Initial Financing Plan**"), and the Province has not objected to such Initial Financing Plan.~~

~~Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the 24 month period following the date hereof (the "**Initial Forecast Period**"); and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "**Initial Protection Agreement Maximum**").~~[3]

[2] ~~We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.~~

[3] ~~Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.~~

~~The Province has not objected to the Initial Forecast and the Initial Protection Agreement Maximum on the basis that (i) there does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.~~

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect,

including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"~~. The~~; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed~~. The~~; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof.

To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise

expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the ~~Initial~~ Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event[5] (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

~~(c) For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.[6]~~

(c) ~~(d)~~ Nothing in this Agreement ~~nor in the Change of Law Protection Agreement~~[7] shall limit the obligations of the Province under the Indemnity Agreement by the

[4] ~~Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.~~

[5] ~~OPG is not in a position to be aware of events that may lead to a Protection Event.~~

[6] ~~We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.~~

[7] ~~This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.~~

Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement~~, the Change of Law Protection Agreement~~ and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[8]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a ~~Certified Primary Obligation~~Funding Obligation, other than any Funding Obligation under which not more than $**[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the ~~Certified Primary~~Funding Obligation), setting out the following with respect to such ~~Certified Primary~~Funding Obligation:

(a) the material terms of the ~~Certified Primary~~Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a ~~Master~~Derivative Agreement[9]~~, events of default, termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation)~~, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) ~~(b)~~ a statement to the effect that: (i) the ~~Certified Primary~~Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are

[8] ~~The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under the Protection Agreement. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to the adherence conditions may not be clear.~~

[9] ~~Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.~~

Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) ~~(c)~~ a statement confirming that any disclosure made in respect of the ~~Certified Primary~~Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Certified Primary~~Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) ~~(d)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) ~~(e)~~ confirmation that, at the time the ~~Certified Primary~~Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the ~~Certified Primary~~Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the ~~then applicable~~ Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement[10] regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(b)] of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(b)] of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(b)] of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.[11]

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 ~~3.03~~ Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(~~b~~c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

[10] ~~OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.~~

[11] ~~Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.~~

3.05 ~~3.04~~ Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(~~b~~c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to ~~**[Section**~~Sections 1.05, 2.01 or 5.01~~ **or Article VI]**~~ of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement~~; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum~~12~~

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice

~~12 Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.~~

of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(a)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) ~~(b)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~a~~c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) ~~(c)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
~~PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS~~[13] BREACH EVENTS

6.01 ~~Election by the Province~~Breach Events

~~Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit "D" (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date or dates on which the Province proposes to assume the Obligations Secured referred to in this Section 6.01, which date or dates shall be no earlier than 60 days[14] following delivery of the Election Information Notice to OPG (with respect to each such Obligation Secured, the "**Proposed Assumption Date**").~~

~~6.02 Details regarding Obligations Secured~~

~~Within 10 Business Days following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:~~

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) ~~a summary of the amounts that will be owing under the Obligations Secured referred to in Section 6.01 as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under such Obligations Secured;~~a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) ~~a summary of the rights arising under the Obligations Secured referred to in Section 6.01 that permit the Province to assume such Obligations Secured, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;~~any representation or warranty made by OPG in this Agreement, any

[13] ~~Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).~~

[14] ~~This process will take time and require appropriate notice to holders of the applicable Obligations Secured.~~

certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02(b) of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) ~~current versions of all documentation under which the Obligations Secured referred to in Section 6.01 arise;~~OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

~~(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured referred to in Section 6.01 by the Province; and~~

~~(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.~~

~~6.03 Settlement of Terms~~

~~Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured referred to in Section 6.01 and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.~~

~~6.04 Cooperation to Implement the Assignment and Assumption~~

~~OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured referred to in Section 6.01 by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.~~

ARTICLE VII[15]
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

[15] Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence of an event described~~has the meaning ascribed thereto in Section ~~**[8.01(b) or (c)]** of the Change of Law Protection Agreement.~~ 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" ~~means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

~~[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?~~
~~[17] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

~~"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Executive Officer**" has the meaning ascribed thereto in the ~~*Securities Act* (Ontario)~~Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~a~~c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Initial Financing Plan**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Initial Forecast**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

~~"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~18~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Master Agreement**" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.~~

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

~~18 Definition of Legislature not used here.~~

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"~~**Proposed Assumption Date**~~**Program Breach**" has the meaning ascribed thereto in ~~Section 6.01~~the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03~~3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04~~3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement;

(vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to ~~a~~an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

~~**EXHIBIT "A"**~~
~~**INITIAL REFERENCE DOCUMENTATION**~~

- ~~Declaration of Trust;~~
- ~~Management Agreement;~~
- ~~Master Transfer and Servicing Agreement;~~
- ~~Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;~~
- ~~Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;~~
- ~~Trust Indenture;~~
- ~~Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;~~
- ~~Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and~~

- ~~Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.~~

~~[NTD: List above to be confirmed.]~~

~~EXHIBIT "B"~~
~~INITIAL FINANCING PLAN~~

~~(see attached)~~

EXHIBIT "C"
INITIAL FORECAST

(see attached)

EXHIBIT "D"
FORM OF ELECTION INFORMATION NOTICE

[NTD: Blakes to provide draft.]

Document comparison by Workshare Compare on Monday, December 04, 2017 11:56:43 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/15
Description	TOR_2528-#23239361-v15-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/19
Description	TOR_2528-#23239361-v19-Change_of_Law_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	72
Deletions	157
Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	237

From:	ASHBOURNE, STEPHEN
To:	Anna Strathy; Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); Hresa Gavaris; John Psinas; Daniel Cayley (ENERGY)
Cc:	Steen Hume (CAB); VINER, JON; PRESTAGE, JA
Subject:	Circulation of drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement
Date:	Friday, November 03, 2017 7:08:12 AM
Attachments:	Change of Law Protection Agreement and Change of Law Process Agreement.msg 23239361-vpdf-CLPA - Process Agreement.PDF 23239360-vpdf-CLPA - Protection Agreement.PDF

Hi.

After our meeting yesterday, we made the changes identified in the attached blacklines and sent the clean versions to Torys (transmittal email is included below, sent Thursday at 9 p.m. ET).

Please note that these revised versions delete a number of the “Notes” we had previously included for your consideration and our follow-up. Those deletions do not necessarily mean that an issue has been resolved, but rather we thought it best to not identify certain of those deleted items in the external circulation. Our work to resolve those open items will be on-going.

As discussed, Mike or Ken will be sending a follow-on email to OPG to emphasize that these drafts represent an advanced consideration of what the Province is able to do, that the drafts have moved considerably towards OPG’s proposed approach, and that only comments on critical issues will be appropriate given the limited time available. You will see that my cover email to Torys suggested that the next step should be for the Province to receive a consolidated mark-up that reflects all essential inputs (i.e., OPG, E&Y, Dealers, Osler and ideally rating agencies) and then to have an all-hands business meeting to resolve any outstanding points. It would be helpful if a similar approach is proposed in Mike’s/Ken’s follow-on email.

Please feel free to call if you have any questions or concerns.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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L'information paraissant dans ce message électronique est CONFIDENTIELLE. Si ce message vous est parvenu par erreur, veuillez immédiatement m’en aviser par téléphone ou par courriel et en détruire toute copie. Merci.

From: ASHBOURNE, STEPHEN [STEPHEN.ASHBOURNE@blakes.com]
To: Feldman, Michael [mfeldman@torys.com]; Ramchandani, Rima (rramchandani@torys.com) [rramchandani@torys.com]; Mansoori, Nina (nmansoori@torys.com) [nmansoori@torys.com]; Hill, Krista (khill@torys.com) [khill@torys.com]
CC: Malle Hanslep (MOF) [Malle.Hanslep@ontario.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; Tom McKinlay (MAG) [Tom.McKinlay@ontario.ca]; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) [Alena.Thouin@ontario.ca]; VINER, JON [JON.VINER@blakes.com]; PRESTAGE, JA [JA.PRESTAGE@blakes.com]
Subject: Change of Law Protection Agreement and Change of Law Process Agreement
Date: Thursday, November 02, 2017 21:02:15
Attachment 1: 23239361-v7-CLPA - Process Agreement.DOCX
Attachment 2: 23239360-v9-CLPA - Protection Agreement.DOCX

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Draft: November 2, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**"), is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of ■, 2017, the FSM established the Financing Entity as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[1]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG, and of the Province in accordance with the Act, have been done.

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[1] Note: This draft only addresses the first Financing Entity. If additional financing entities are established, revisions to this Agreement may be made at that time, in context. Any additional financing entities contemplated should be as contemplated in the Financing Plan.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity or the Financing Entity Trustee

For greater certainty, each reference to the Financing Entity or to the Financing Entity Trustee shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.01 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Unless the Financing Entity is subject to the PILs Regime, not less than 15 Business Days prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province an analysis and assessment of the tax position of the Financing Entity. In addition, OPG shall promptly deliver written notice to the Province of any change in the Financing Entity's eligibility status under the PILs Regime and an analysis and assessment of any material change in the tax position of the Financing Entity.

(c) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional of replacement Transaction Document.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document).

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

(f) OPG shall, as the FSM, cause the Financing Entity to deliver to the Province copies of the Financing Entity's annual tax returns (if any) and any related tax assessments not more than 10 Business Days after such a tax return or tax assessment is required to be filed under applicable law.[2]

2.02 Covenants

(a) OPG shall, as the FSM, cause the Financing Entity to:

[2] Note: The tax documents to be provided to the Province are under consideration.

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not, without the prior written consent of the Province:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;

(B) consent to the resignation of (1) the Administrative Agent under the Administrative Services Agreement; or (2) the Manager under the Management Agreement;

(C) consolidate or merge with or into any other Person;

(D) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired;

(E) permit any Lien (other than the Security Interest) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(F) sell, transfer, exchange or otherwise dispose of any of the Collateral, other than as expressly permitted by the Trust Indenture;

(G) release any security or guarantee in respect of the Collateral other than as expressly permitted by the Trust Indenture; or

(H) voluntarily dissolve or liquidate.

(b) OPG shall:

(i) comply, and as the FSM cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation;

(iii) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under this Agreement would be accelerated, delayed or otherwise affected; and

(iv) ensure that any disclosure (including any Disclosure Document, press release or other written communication intended for dissemination to third parties) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement will be subject to the prior review of the Province and such disclosure will not be made (and any such Disclosure Document shall not be used and any such press release or other written communication shall not be issued) without the prior written consent of the Province, in each case unless such disclosure is substantially the same as a disclosure previously made and for which the Province had previously provided its written consent under this Subsection 2.02(b)(iv).

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation, and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the Primary Obligation, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the certificate referred to in Subsection 4.02(d)(ii) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; and

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(c) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation;

(b) with respect to the Reviewed Documentation referred to in clauses (v) to (ix) of the definition of "Transaction Documents", and, where applicable, clauses (x) and (xi) of the definition of "Transaction Documents" as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of the Primary Obligations arising thereunder and as to the timing, conditions and circumstances in which payment obligations under such Primary Obligations may arise, but without regard to the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(c) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) The initial Protection Agreement Maximum shall be determined by the Province prior to the initial issuance of the first Funding Obligation. The initial Protection Agreement Maximum will be confirmed by the Province by notice in writing to OPG, as the FSM.

(b) Not less than ■ Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province a forecast setting out OPG's expectations regarding the aggregate maximum amount of

Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the applicable Financing Plan (the "**Initial Forecast**"). In determining the initial Protection Agreement Maximum, the Province may have regard to (but not be bound by) the Initial Forecast.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**").

(d) Upon receiving an updated Forecast, the Province shall determine whether or not the Protection Agreement Maximum will be revised. In determining whether the Protection Agreement Maximum will be revised, the Province may have regard to (but not be bound by) such updated Forecast. Any determination by the Province to revise the Protection Agreement Maximum will be confirmed by setting out a new Protection Agreement Maximum in a written notice from the Province to the FSM and the Indenture Trustee, the delivery of which will be conclusive evidence that such new Protection Agreement Maximum will apply until it may be further so revised.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, shall cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction

in which it carries on business, has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto and to own its property and carry on its business as currently conducted.

(c) OPG has been validly appointed, and has irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation of OPG enforceable against OPG in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG (including in its capacity as the FSM) or the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or the Financing Entity or in the ability of OPG or the Financing Entity to perform their respective obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or

instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

ARTICLE VI
ELECTION TO ASSUME APPROVED OBLIGATIONS

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) to elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to OPG a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) a draft version of the Assumption Agreement prepared in relation to each Obligation Secured, prepared in accordance with and having regard to the requirements of the relevant agreement(s) under which the Obligation Secured arises.

6.03 Settlement of Terms

Within 20 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will cause the Financing Entity to cooperate, and each shall use its best efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.[3]

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG will, and as FSM, will cause the Financing Entity to, ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity, permitting

[3] Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.

the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts.[4]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement (including in respect of its role as FSM under any Program Agreement);

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect on the date made; or

(c) OPG is no longer the FSM, the Administrative Agent or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM, the Administrative Agent or the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to OPG, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other

[4] Note: The Trust Indenture will need to include a clause providing that the obligations of the Financing Entity to the Indenture Trustee and the Noteholders may be assigned to the Province in accordance with an assumption agreement, substantially in the form set out in an exhibit to the Trust Indenture.

communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Confidentiality[5]

8.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

[5] To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

[FINANCING ENTITY TRUSTEE], IN ITS CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]

By: _____
Name:
Title:

[INDENTURE TRUSTEE], AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

["**Administrative Agent**" has the meaning ascribed thereto in the Change of Law Protection Agreement.]

["**Administrative Services Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.][6]

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, the FSM and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction,

[6] Note: To be confirmed if required.

collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means [■], a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(b).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(b).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

["**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.]

["**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.][7]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**PILs Regime**" means the Payment in Lieu of Taxes regime contemplated under the *Electricity Act* (Ontario).

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount determined by the Province and of which OPG is provided written notice in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

[7]Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement, the Administrative Services Agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement between the Financing Entity and the IESO; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any

other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

(form of Assumption Agreement to be attached, once settled)

Draft: November 2, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

[FINANCING ENTITY TRUSTEE] IN ITS CAPACITY AS TRUSTEE OF THE [FINANCING ENTITY]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

[NAME OF INDENTURE TRUSTEE], AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), **[FINANCING ENTITY TRUSTEE]**, as the Financing Entity Trustee and in its capacity as trustee of the **[FINANCING ENTITY]**, a trust settled by the FSM under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc. in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada, as Indenture Trustee and in its capacity as trustee for the in accordance with the Trust Indenture, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the FSM established the Financing Entity as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The trustee of the Financing Entity in its capacity as Financing Entity Trustee and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

OPG and the Province will concurrently enter into the Process Agreement, under which OPG will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved

Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity Trustee, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated

Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture. No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under

the Trust Indenture or other agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province upon performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY

HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity Trustee

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Financing Entity shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the Approved Obligations owing from time to time by the Financing Entity to the Indenture Trustee as and when they become due and payable, without Acceleration[1]. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation (without Acceleration) in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts owing by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[2], in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation, in each case by the Province depositing or causing the deposit of the applicable payment amount into the Collection Account (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation, including (i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event, and (ii) amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account or a Supplemental Reserve Account.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

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[1] Consider mechanics for notifying the Province regarding the specific amounts payable and their due dates. Consider attaching a detailed schedule of payments under the Payment Demand and the respective due date of each payment.

[2] Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations", which in turn relies on the definition of Primary Obligations. The connection between a Primary Obligations and an "investment interest" is therefore crucial. Blakes is considering how to more precisely connect these concepts.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

2.02 Gross-up

[All amounts payable by the Province under this Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Province is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Province shall deposit into the Collection Account such additional amount as is necessary to ensure that the Indenture Trustee receives (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise due and payable in respect of the related Approved Obligation, net of any such taxes, charges, fees, levies, duties or withholdings.][3]

2.03 Absence of Set-off

The Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Collection Account in Satisfaction

Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Collection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation.[4] Upon a payment having been made by or on behalf of the Province into the Collection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable under the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[5].

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[3] Under consideration.

[4] This will need to operate in tandem with the Trust Indenture waterfall. The idea is that the Approved Obligations may not necessarily follow the sequence of the "payment waterfall" included in the Trust Indenture, and so amounts from the Province would need to operate independently.

[5] Consider how Beneficiary rights under Obligations Secured will be amended under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a corresponding provision should appear in the Trust Indenture and each other contract under which the Obligation Secured arises, to the effect that the Beneficiaries will be deemed to be bound by the agreement of the Indenture Trustee under this Agreement.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03].

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine,

provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (a) the Adherence Conditions applicable thereto have been satisfied; or (b) the Province has specifically approved in writing the particular terms, conditions and documentation for the Primary Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured;

(b) at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments[6] under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not exceed the Protection Agreement Maximum;

(c) the FSM delivers a notice to the Indenture Trustee, with a copy to the Province, one Business Day prior to the incurrence or any amendment of the Primary Obligation, setting out the Protection Agreement Maximum;

(d) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG) and addressed to the Province and the Indenture Trustee, one Business Day prior to the earlier of (i) one Business Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to the Primary Obligation:

i. confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation (if any), together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not and will not exceed the Protection Agreement Maximum; and

ii. confirmation that the FSM has delivered to the Province a certificate in accordance with the Process Agreement confirming, among other things,

[6] Use of the concept of "repayments" under the OFHPA for this purpose is under consideration.

that the transaction documents in respect of the Primary Obligation are in substantially the form of the documentation reviewed by the Province; and

(e) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

4.03 Evidence of Satisfaction

A closing certificate signed by at least two executive officers of OPG in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defect or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
RIGHTS OF THE PROVINCE

5.01 Assignment and Subrogation

Upon paying an amount in respect of an Approved Obligation:

(a) to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or

(b) as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI,

the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a secured party under the Trust Indenture) under such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including, if applicable, as a Noteholder) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Voting Rights under "Outstanding Notes"

Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[7]:

(a) Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and

(b) in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.

5.04 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured and constitute a Finance Amount.[8]

[7] This concept needs to be reflected in the Trust Indenture.

[8] General Regulation to be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[9]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee.

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

[9] Further details regarding obtaining of third party consents and rating agency approvals to be considered.

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

7.04 Release of all Collateral

(a) The Indenture Trustee shall not execute instruments to release Collateral from the Security Interest of the Trust Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, unless and until the rights and interests of the Province under Section 5.01 or otherwise as an assignee of any of the Obligations Secured or as a subrogee have been satisfied in full and the Province has no continuing obligations under this Agreement.

(b) The Province shall be entitled to receive at least 10 Business Days' written notice when the Indenture Trustee proposes to take any action pursuant to Subsection 7.04(a), accompanied by copies of any instruments involved.

7.05 Right to Notice and Attend Meetings

The Financing Entity shall ensure that the Province receives advance notice of any meeting or proposed written resolution of Specified Creditors (or any of them) and the Province and its legal advisers shall be permitted to attend and be represented at any meeting of such Specified Creditors.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**"):

(a) shall be provided by the FSM or the Province to the Indenture Trustee promptly following the occurrence of a Program Breach; and

(b) may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Financing Entity shall not incur any new or additional Obligation Secured and shall not amend or terminate any existing Obligation Secured except with the prior written consent of the Province.

8.03 Termination Notice

On the occurrence of a Suspension Event, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

[Financing Entity]
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

[Financing Entity Trustee], in its capacity as Financing Entity Trustee for [Financing Entity]
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Force Majeure

In no event shall the Indenture Trustee or the Financing Entity Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Financing Entity Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

9.08 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:

By: _____
Name:
Title:

[FINANCING ENTITY TRUSTEE], IN ITS CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]

By: _____
Name:
Title:

[INDENTURE TRUSTEE], AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[10] in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

["**Administrative Agent**" means OPG, in its capacity as administrative agent of the Financing Entity under the Administrative Services Agreement.]

["**Administrative Services Agreement**" means the administrative services agreement dated [■], 2017 between the Financing Entity and the Administrative Agent concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Financing Entity.][11]

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of OPG under the Process Agreement; or (b) any representation or warranty made by OPG, any certification made by OPG under the Process Agreement, or any certification made by OPG in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM, the Administrative Agent or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM, the Administrative Agent or the Manager.

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[10] Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.

[11] Note: To be confirmed if required.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Collection Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "Investment Interest" in the Act.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

["**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.]

["**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.][12]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

[12]Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured that is a Funding Obligation, other than (a) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; and (b) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and OPG.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Program Breach**" means an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Agreement Maximum"** means the dollar amount determined by the Province and of which OPG is provided notice in accordance with the Process Agreement.

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction (i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the Financing Entity's receipt of amounts in respect of its Investment Interest and (ii) issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**"), is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of ■, 2017, the FSM ~~[~~established~~]~~ the Financing Entity as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[1]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program ~~Agreement~~Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG, and of the Province in accordance with the Act ~~and the OIC~~, have been done.

[1] Note: This draft only addresses the first Financing Entity. If additional financing entities are established, revisions to this Agreement may be made at that time, in context. Any additional financing entities contemplated should be as contemplated in the Financing Plan.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated~~,~~ Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity or the Financing Entity Trustee

For greater certainty, each reference to the Financing Entity or to the Financing Entity Trustee shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.01 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than ■15 Business Days prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) ~~Not~~Unless the Financing Entity is subject to the PILs Regime, not less than ■15 Business Days prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province an analysis and assessment of the tax position of the Financing Entity. ~~Thereafter~~ In addition, OPG shall promptly deliver written notice to the Province ~~a copy~~ of any ~~proposed change to or replacement of such~~change in the Financing Entity's eligibility status under the PILs Regime and an analysis and assessment of any material change in the tax position of the Financing Entity.

(c) Not less than ■10 Business Days prior to (i) any proposed change~~, addition~~ or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or, ~~addition or~~ supplement to the Transaction Document and any such additional of replacement Transaction Document.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document).

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

(f) OPG shall, as the FSM, cause the Financing Entity to deliver to the Province copies of the Financing Entity's annual tax returns (if any) and any related tax ~~assessment~~assessments not more than ■10 Business Days after such a tax return or tax assessment is required to be filed under applicable law.[~~1~~2]

2.02 Covenants

(a) OPG shall, as the FSM, cause the Financing Entity to:

[~~1~~2] Note: The tax documents to be provided to the Province are under consideration.

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not, without the prior written consent of the Province:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;

(B) consent to the resignation of (1) the Administrative Agent under the Administrative Services Agreement; or (2) the Manager under the Management Agreement;

(C) consolidate or merge with or into any other Person;

(D) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired;

(E) permit any Lien (other than the Security Interest) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(F) sell, transfer, exchange or otherwise dispose of any of the Collateral, other than as expressly permitted by the Trust Indenture;

(G) release any security or guarantee in respect of the Collateral other than as expressly permitted by the Trust Indenture; or

(H) voluntarily dissolve or liquidate.

(b) OPG shall:

(i) comply, and as the FSM cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation;

(iii) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under this Agreement would be accelerated, delayed or otherwise affected; and

(iv) ensure that any disclosure (including any Disclosure Document, press release or other written communication intended for dissemination to third parties) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement will be subject to the prior review of the Province and such disclosure will not be made (and any such Disclosure Document shall not be used and any such press release or other written communication shall not be issued) without the prior written consent of the Province, in each case unless such disclosure is substantially the same as a disclosure previously made and for which the Province had previously provided its written consent under this Subsection 2.02(b)(iv).

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, ~~not less than ■~~on the earlier of (i) one Business ~~Days~~Day prior to the incurrence or any amendment of a Primary Obligation, and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to ~~the~~such Primary Obligation:

(a) the material terms of the ~~Funding Obligations~~Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, ~~pricing and third party fees;~~[2]interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

[2] ~~Note: Level of detail required by the Province is under consideration. Province to consider whether it would like further details regarding Principal Obligations, Redemption Obligations, Interest Obligations, Hedging Obligations, Third Party Expense Obligations or Other Funding Obligations. In desirable, particulars regarding Hedging Obligations and the market in which notes are issued to be considered.~~

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the Primary Obligation, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) ~~if the Primary Obligation is a [borrowing],~~ confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the certificate referred to in Subsection 4.02(d)(ii) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) ~~has been provided to the Province in accordance with Subsection 2.01(c); and~~is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; and

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(c) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation;

(b) with respect to the Reviewed Documentation referred to in clauses (v) to (ix) of the definition of "Transaction Documents", and, where applicable, clauses (x) and (xi) of the definition of "Transaction Documents" as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of the Primary Obligations arising thereunder and as to the timing, conditions and circumstances in which payment obligations under such Primary Obligations may arise, but without regard to the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(c) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed ~~disclosure document~~Disclosure Document complies in all material respects with all securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) The initial Protection Agreement Maximum shall be determined by the Province prior to the initial issuance of the first Funding Obligation. The initial Protection Agreement Maximum will be confirmed by the Province by notice in writing to OPG, as the FSM.

(b) Not less than ■ Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province a forecast

setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the applicable Financing Plan (the "**Initial Forecast**"). In determining the initial Protection Agreement Maximum, the Province may have regard to (but not be bound by) the Initial Forecast.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**").

(d) Upon receiving an updated Forecast, the Province shall determine whether or not the Protection Agreement Maximum will be revised. In determining whether the Protection Agreement Maximum will be revised, the Province may have regard to (but not be bound by) such updated Forecast. Any determination by the Province to revise the Protection Agreement Maximum will be confirmed by setting out a new Protection Agreement Maximum in a written notice from the Province to the FSM and the Indenture Trustee, the delivery of which will be conclusive evidence that such new Protection Agreement Maximum will apply until it may be further so revised.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, shall cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto and to own its property and carry on its business as currently conducted.

(c) OPG has been validly appointed, and has ~~irremovably~~irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation of OPG enforceable against OPG in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG (including in its capacity as the FSM) or the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or the Financing Entity or in the ability of OPG or the Financing Entity to perform their respective obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or ~~the~~any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict

with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

ARTICLE VI
ELECTION TO ASSUME APPROVED OBLIGATIONS

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) to elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to OPG a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) a draft version of the Assumption Agreement prepared in relation to each Obligation Secured, prepared in accordance with and having regard to the requirements of the relevant agreement(s) under which the Obligation Secured arises.

6.03 Settlement of Terms

Within ■20 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will cause the Financing Entity to cooperate, and each shall use its best efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.[3]

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG will, and as FSM, will cause the Financing Entity to, ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of

[3] Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.

the Financing Entity for the provision of on-going services to the Financing Entity, permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts.[4]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement (including in respect of its role as FSM under any Program Agreement);

(b) any representation or ~~warrant~~warranty made by OPG in this Agreement, ~~or~~ any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect on the date made; or

(c) OPG is no longer the FSM, the Administrative Agent or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM, the Administrative Agent or the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to OPG ~~at its option~~, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide ~~notice~~a Suspension Notice to the Indenture Trustee ~~that a Breach Event has occurred and,~~, the FSM and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement~~, that the Limited Guarantee does not and will not apply to any Primary Obligations that may thereafter be incurred or amended by or on behalf of the Financing Entity.~~[5].

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

[4] Note: The Trust Indenture will need to include a clause providing that the obligations of the Financing Entity to the Indenture Trustee and the Noteholders may be assigned to the Province in accordance with an assumption agreement, substantially in the form set out in an exhibit to the Trust Indenture.

[5] ~~NTD: Carve-out for re-financings of Approved Obligations already in existence is under consideration.~~

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Confidentiality[5]

~~[Note: To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province.]~~

8.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

[5] To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

[FINANCING ENTITY TRUSTEE], IN ITS CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]

By: _____

Name:
Title:

[INDENTURE TRUSTEE], AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

["**Administrative Agent**" ~~means OPG, in its capacity as administrative agent of the Financing Entity under the Administrative Services~~has the meaning ascribed thereto in the Change of Law Protection Agreement.]

["**Administrative Services Agreement**" ~~means the administrative services agreement dated [■], 2017 between the Financing Entity and the Administrative Agent concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Financing Entity~~has the meaning ascribed thereto in the Change of Law Protection Agreement.][6]

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means ~~(a)~~ any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

~~"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.~~

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, the FSM and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

[6] Note: To be confirmed if required.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

~~"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation [as of the date of this Agreement].~~

"**Financing Entity**" means [■], a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(b).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(b).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

["**Management Agreement**" ~~means the management agreement dated [■], 2017 between the Manager and the Financing Entity~~has the meaning ascribed thereto in the Change of Law Protection Agreement.]

["**Manager**" ~~means OPG, in its capacity as manager of the Financing Entity under the Management~~has the meaning ascribed thereto in the Change of Law Protection Agreement.][7]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**PILs Regime**" means the Payment in Lieu of Taxes regime contemplated under the *Electricity Act* (Ontario).

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

[7]Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount determined by the Province and of which OPG is provided written notice in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"~~**Supplemental Reserve Account**~~**Substantially in the Form**" has the meaning ascribed thereto in ~~the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement, the Administrative Services Agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement between the Financing Entity and the IESO; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and

priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], ~~2017, as amended, supplemented, restated or otherwise modified from time to time.~~2017.

EXHIBIT A
FORM OF ELECTION NOTICE

(form of Assumption Agreement to be attached, once settled)

Document comparison by Workshare Compare on Friday, November 03, 2017 6:38:01 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/6
Description	TOR_2528-#23239361-v6-CLPA_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/7
Description	TOR_2528-#23239361-v7-CLPA_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
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Moved to	
Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	73
Deletions	54
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	131

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

[FINANCING ENTITY TRUSTEE] IN ITS CAPACITY AS TRUSTEE OF THE [FINANCING ENTITY]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

[NAME OF INDENTURE TRUSTEE], AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), **[FINANCING ENTITY TRUSTEE]**, as the Financing Entity Trustee and in its capacity as trustee of the **[FINANCING ENTITY]**, a trust settled by the FSM under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc. in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada, as Indenture Trustee and in its capacity as trustee for the in accordance with the Trust Indenture, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations ~~secured~~, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the FSM ~~[~~established~~]~~ the Financing Entity as a "financing entity"~~[1]~~ (as defined in the Act) for the purposes contemplated in the Act.

The trustee of the Financing Entity in its capacity as Financing Entity Trustee and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

OPG and the Province will concurrently enter into the Process Agreement, under which OPG will agree to perform certain related activities and to provide certain assurances on which

~~[1] Note to Draft: Consideration is being given by MOE to possible changes to the Regulation to accommodate the proposed use of a "trust", as a "financing entity".~~

the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity Trustee, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture. No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province upon performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days

comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (~~a~~i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (~~b~~ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity Trustee

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Financing Entity shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section ~~1.18~~1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the Approved Obligations owing from time to time by the Financing Entity to the Indenture Trustee as and when they become due and payable, without Acceleration[1]. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation (without Acceleration) in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts owing by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[2], in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation, in each case by the Province depositing or causing the deposit of the applicable payment amount into the Collection Account (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation, including (i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event, and ~~[~~(ii) amounts required to be deposited by or on behalf of the Financing

[1] Consider mechanics for notifying the Province regarding the specific amounts payable and their due dates. Consider attaching a detailed schedule of payments under the Payment Demand and the respective due date of each payment.

[2] ~~Note:~~ Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations", which in turn relies on the definition of Primary Obligations. The connection between a Primary ~~Obligation~~Obligations and an "investment interest" is therefore crucial~~. Unfortunately, the nexus is not straightforward~~. Blakes is considering how to more precisely connect these concepts.

Entity into any Capital Account, Finance Reserve Account or a Supplemental Reserve Account.][3]

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

2.02 Gross-up

[All amounts payable by the Province under this Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Province is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Province shall deposit into the Collection Account such additional amount as is necessary to ensure that the Indenture Trustee receives (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise due and payable in respect of the related Approved Obligation, net of any such taxes, charges, fees, levies, duties or withholdings.][4][3]

2.03 Absence of Set-off

The Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

[3] Note: OFA to confirm whether the Limited Guarantee will extend to require the Province to fill sinking fund and collateral accounts during the period when the Province is required to make payments. If not, then we will need to consider the impact on ratepayers and the potential impact on the CEA calculations, which will have been based originally on these deposits being made during particular reference periods.

[4] Province to advise on extension of a tax gross up. We assume this is necessary, although we have not discussed it specifically and it may be that we delete this provision on the basis that the determination of a tax gross up (and the Province's liability for it) will be based on the inclusion of that concept in the Trust Indenture itself[3] Under consideration.

2.04 Payment into Collection Account in Satisfaction

Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Collection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation.[54] Upon a payment having been made by or on behalf of the Province into the Collection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable under the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[65].

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

[54] ~~Note:~~ This will need to operate in tandem with the Trust Indenture waterfall. The idea is that the Approved Obligations may not necessarily follow the sequence of the "payment waterfall" included in the Trust Indenture, and so amounts from the Province would need to operate independently. ~~To be discussed with Torys.~~

[65] ~~Note:~~ Consider ~~if~~how Beneficiary rights under Obligations Secured ~~can in fact be affected in this way~~will be amended under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a corresponding provision should appear in the Trust Indenture and each other contract under which the Obligation Secured arises, to the effect that the Beneficiaries will be deemed to be bound by the agreement of the Indenture Trustee ~~insofar as the Beneficiaries rights against the financing entity are to be affected~~under this Agreement.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03].

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine,

provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (a) the Adherence Conditions applicable thereto have been satisfied; or (b) the Province has specifically approved in writing the particular terms, conditions and documentation for the Primary Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured;

(b) ~~if the Primary Obligation is a [borrowing][7],~~ at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments[~~8~~6] under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under

[7] ~~Under consideration. Need to ensure that non-conventional instruments (capital rather than debt) are caught in the maximum test.~~

[8] ~~Note: The~~[6] Use of the concept of "repayments" under the OFHPA ~~take account of contemplated refinancings. There is some risk that an anticipated refinancing would not manifest as contemplated, in which case the amount financed (and subject to the Limited Guarantee) could exceed the Protection Agreement Maximum and result in a balloon payment obligation~~for this purpose is under consideration.

Approved Obligations,[9] do not exceed the Protection Agreement Maximum;

(c) the FSM delivers a notice to the Indenture Trustee, with a copy to the Province, ~~not less than ■~~one Business ~~Days and not more than ■ Business Days~~Day prior to the incurrence or any amendment of the Primary Obligation, setting out the Protection Agreement Maximum;

(d) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG) and addressed to the Province and the Indenture Trustee, ~~not less than ■~~one Business ~~Days and not more than ■~~Day prior to the earlier of (i) one Business ~~Days~~Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to the Primary Obligation:

i. ~~if the Primary Obligation is a [borrowing],~~ confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation (if any), together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not and will not exceed the Protection Agreement Maximum; and

ii. confirmation that the FSM has delivered to the Province a certificate in accordance with the Process Agreement confirming, among other things, that the transaction documents in respect of the Primary Obligation are in substantially the form of the documentation reviewed by the Province; and

(e) the Province has not provided ~~notice~~a Suspension Notice to the Indenture Trustee ~~that a Breach Event has occurred and that the Limited Guarantee does not apply to any further Primary Obligations that are incurred.~~[10], the FSM and the Financing Entity in accordance with the terms of this Agreement.

4.03 Evidence of Satisfaction

A closing certificate signed by at least two executive officers of OPG in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the

[9] ~~Note: If certain financing entity obligations are guaranteed under a one-off agreement, the interaction between the one-off guaranteed amount and Approved Obligations that are looked at to determine if incurrence of a new Primary Obligation is within the Protection Agreement Maximum will need to be considered.~~

[10] ~~NTD: Carve-out for re-financings of Approved Obligations already in existence is under consideration.~~

applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defect or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
RIGHTS OF THE PROVINCE

5.01 Assignment and Subrogation

Upon paying an amount in respect of an Approved Obligation:

(a) to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or

(b) as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI,

the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (~~a~~i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (~~b~~ii) the benefits of the related Collateral and (~~c~~iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a secured party under the Trust Indenture) under such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including, if applicable, as a Noteholder) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the

extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Voting Rights under "Outstanding Notes"

Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[11][7]:

(a) Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and

(b) in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.

5.04 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity [and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured and constitute a Finance Amount.[12][8]

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

TheFollowing the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee that, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

[11][7] Note: This concept shouldneeds to be reflected in the Trust Indenture to be effective. Additional scenarios where the Province's rights as an affiliate of OPG may differ from what is expected are to be identified in the underlying Program Agreements.

[12] Note:[8] General Regulation mustto be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE.

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use ~~[commercially reasonable~~best efforts~~]~~ to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.~~13~~9

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee.

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

~~13~~9 ~~Note:~~ Further details regarding obtaining of third party consents and rating agency approvals to be considered.

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

7.04 Release of all Collateral

(a) The Indenture Trustee shall not execute instruments to release Collateral from the Security Interest of the Trust Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, unless and until the rights and interests of the Province under Section 5.01 or otherwise as an assignee of any of the Obligations Secured or as a subrogee have been satisfied in full and the Province has no continuing obligations under this Agreement.

(b) The Province shall be entitled to receive at least 10 Business Days' written notice when the Indenture Trustee proposes to take any action pursuant to Subsection 7.04(a), accompanied by copies of any instruments involved.

7.05 Right to Notice and Attend Meetings

The Financing Entity shall ensure that the Province receives advance notice of any meeting or proposed written resolution of Specified Creditors (or any of them) and the Province and its legal advisers shall be permitted to attend and be represented at any meeting of such Specified Creditors.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**"):

(a) shall be provided by the FSM ~~to~~or the Province ~~and~~to the Indenture Trustee promptly following the occurrence of a Program Breach; and

(b) may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Financing Entity shall not incur any new or additional Obligation Secured and shall not amend or terminate any existing Obligation Secured except with the prior written consent of the Province.

8.03 Termination Notice

On the occurrence of a Suspension Event, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic

communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

[Financing Entity]

c/o Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

[Financing Entity Trustee], in its capacity as Financing Entity Trustee for [Financing Entity]
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

~~**9.06 Confidentiality**~~

~~[Note: To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province. Note that this Agreement will become part of the package of rights acquired by investors and counterparties and so it is unclear to what extent confidentiality can or should be preserved in these circumstances.]~~

9.06 ~~9.07~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 ~~9.08~~ Force Majeure

In no event shall the Indenture Trustee or the Financing Entity Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Financing Entity Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

9.08 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:

By: _____
Name:
Title:

[FINANCING ENTITY TRUSTEE], IN ITS CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]

By: _____
Name:
Title:

[INDENTURE TRUSTEE], AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:

Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[14]10 in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture [as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee].

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

["**Administrative Agent**" means OPG, in its capacity as administrative agent of the Financing Entity under the Administrative Services Agreement.]

["**Administrative Services Agreement**" means the administrative services agreement dated [■], 2017 between the Financing Entity and the Administrative Agent concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Financing Entity.][11]

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of OPG under the Process Agreement; or (b) any representation or warranty made by OPG, or any certification made by OPG under the Process Agreement, or any certification made by OPG in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM, the Administrative Agent or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM, the Administrative Agent or the Manager.

[14]10 Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.

[11] Note: To be confirmed if required.

"**Business Day**" means ~~(a)~~ any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are ~~[, or the office of the Indenture Trustee is,]~~ authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture ~~[~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~]~~.

"**Collection Account**" has the meaning ascribed thereto in the Trust Indenture ~~[~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~]~~.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation ~~[as of the date of this Agreement]~~.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act ~~[as of the date of this Agreement]~~.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act ~~[as of the date of this Agreement]~~.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "Investment Interest" in the Act ~~[as of the date of this Agreement]~~.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

["**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.]

["**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.][12]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section ~~1.18~~1.19(a).

[12]Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured that is a Funding Obligation, other than (a) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; and ~~[~~(b) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account.~~]~~[15]

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and OPG.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture ~~[~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~]~~.

"**Program Breach**" means an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Agreement Maximum"** means the dollar amount determined by the Province and of which OPG is provided notice in accordance with the Process Agreement.[16]

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

~~[15] Note: Possible simplification of definition structure under consideration.~~

~~[16] Note: An alternative would be to expressly state the Program Agreement Maximum amount and the process by which this amount is determined in this Agreement.~~

(v) ~~there is~~the implementation of a change in the organization or structure of the IESO or Ontario's electricity market[17] undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction ~~[in a final and non-appealable judgement]~~[18](i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ~~ability of~~Financing Entity's receipt of amounts in respect of its Investment Interest and (ii) issues a decision or an order preventing the Financing Entity ~~to receive~~from receiving amounts on its Investment Interest ~~so that it can~~, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured~~.~~ that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section ~~1.18~~1.19(b).

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

~~[17] Note: Consider more clarity to "Ontario's electricity market".~~
~~[18] Under consideration to assess the marketability implications of this phrase.~~

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

Document comparison by Workshare Compare on Friday, November 03, 2017 6:38:58 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/8
Description	TOR_2528-#23239360-v8-CLPA_-_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/9
Description	TOR_2528-#23239360-v9-CLPA_-_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	86
Deletions	120
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	206

From:	Anna Strathy
To:	Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); "stephen.ashbourne@blakes.com"; Hresa Gavaris; John Psinas; Steen Hume (CAB); Daniel Cayley (ENERGY); Tim Christie (ENERGY)
Subject:	Continuation: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel

Please advise me if you will attend in person and require access to the 14th floor of 1 Dundas.

The purpose of this meeting/call is to continue Friday's discussion of OPG's edits to the Protection and Process Agreements

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

From:	Marie.Visca@ontario.ca on behalf of Sousa, Charles (MOF)
To:	@FIN-R-TOR.7QueensParkCres.Trillium.Boardroom (MOF); Ghiassi, Ali (MOF); Marianne Nguyen (MCYS); Scott Thompson (CAB); Sonia Parisi (MGS); David McLean (MOF); Jonathan Tekle (CAB); Helmut Zisser (MOF); Linda Gibney (MOF); Anthony Reiss (MGS); Gadi Mayman; Ronald Kwan; Ken Kandeepan; Veinot, Cindy (TBS); Scott Nelms (ENERGY); Malle Hanslep (MOF)
Subject:	DM and Minister Briefing | Change of Law Assumption Agreement (Fair Hydro Plan) Submission

From:	Marie.Visca@ontario.ca on behalf of Sousa, Charles (MOF)
To:	@FIN-R-TOR.7QueensParkCres.Trillium.Boardroom (MOF); Ghiassi, Ali (MOF); Marianne Nguyen (MCYS); Scott Thompson (CAB); Sonia Parisi (MGS); David McLean (MOF); Jonathan Tekle (CAB); Helmut Zisser (MOF); Linda Gibney (MOF); Anthony Reiss (MGS); Gadi Mayman; Ronald Kwan; Ken Kandeepan; Veinot, Cindy (TBS); Scott Nelms (ENERGY); Malle Hanslep (MOF)
Cc:	Visca, Marie (MOF); Tobias P. Whitfield (MOF); Michael Waterston (MOF); Mark Donaldson (MOF)
Subject:	DM and Minister Briefing | Change of Law Assumption Agreement (Fair Hydro Plan) Submission

From:	Hresa Gavaris
To:	Gadi Mayman; Ken Kandeepan; Mike Manning; Ronald Kwan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); "stephen.ashbourne@blakes.com"; Anna Strathy
Subject:	Discuss status before 10:00 Fair Hydro Call

Local dial-in number: 416-212-8011 Conference ID: 4717656

From:	Anna Strathy
To:	Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); "stephen.ashbourne@blakes.com"; Hresa Gavaris; John Psinas
Subject:	Discussion of OPG's Proposed Adherence Terms | OFA, OPCD, MOF, Legal Counsel
Attachments:	12917730-v1-Questions (Adherence Conditions).docx

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Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to moderate

or
Please call Hresa at 5-8002 upon arrival

Confidential legal advice subject to solicitor-client privilege

October 23, 2017

Questions for MOE and OFA to consider regarding OPG's Proposed Adherence Terms

A. Scope of Province's Obligations under the Change of Law Protection Agreement (**CLPA**)

1. On a Protection Event, should the Province become responsible for the payment of taxes (if any) owing by the Financing Entity?

2. On a Protection Event, should the Province become liable to pay amounts owing by the Financing Entity to OPG (e.g., FSM fees and expenses)?

3. On a Protection Event, should all available funds (e.g., funds accumulated in sinking funds) be immediately applied to reduce the amount that the Province would be liable for under the CLPA?

4. Should the Province set a "Protection Agreement Maximum" (previously called the "Program Maximum") that measures and relates only to "principal amounts"? In other words, should the limitation be tied only to principal obligations, while the Province's actual obligations would automatically extend, without specific quantum limits, to the other payment obligations under "funding obligations" (e.g., interest, swaps, standby liquidity commitment fees, servicer fees and expenses)?

5. Is the Province comfortable guaranteeing contingent obligations (e.g., indemnity obligations) of the Financing Entity? If so, should the Province require that such contingent obligations be "capped" within the funding obligation itself or should the exposure of the Province be otherwise limited under the CLPA?

6. Should the Province be required to deposit funds to meet sinking fund or collateral deposits (i.e., deposit obligations incorporated in the financing structure on the basis that the "clean energy" cash flows will service the obligations, rather than the Province), notwithstanding that the Province would have become primarily liable for payment obligations under the CLPA?

B. Adhesion

7. Is the Province okay splitting the maximum exposure limitations and "process-related" matters (see below) into a separate agreement - away from the terms of the agreement under which the Province's payment obligations would bind the Province opposite the Indenture Trustee? OPG proposes this in order to keep the optics of the CLPA as simple and straightforward as possible. In other words, is the Province prepared to leave all of the important details regarding what OPG is supposed to do before incurring an obligation that binds the Province to a side agreement with OPG, that is opaque to the Indenture Trustee and Underwriters at the time a funding obligation is incurred and not requiring any third party to have notice or regard to the Province's requirements?

8. OPG proposes that delivery of an officers' certificate to a third party, in OPG's capacity as FSM, will in and of itself bind the Province under the CLPA. That certificate would simply indicate that the Province is bound under the CLPA with respect to the specified funding obligation. It would not be addressed to the Province (although a pre-closing certificate is contemplated to be delivered to the Province) and the "Protection Agreement Maximum" concept would not be incorporated as a specific condition (other

than to the extent that OPG is bound to the Province under the side agreement with the Province). Is this acceptable to the Province? Does this raise any governance/authority issues for the Province (e.g., limit on incurrence needing to be specifically confirmed at closing? scope of permitted delegation to bind? FAA compliance?)

C. "Protection Agreement Maximum" (formerly "Program Maximum" (**PAM**)

9. OPG proposes that the PAM will be determined based on a mechanical calculation and without any real discretion on the part of the Province to set or object to the PAM. Is this acceptable to the Province?

10. OPG's proposed mechanical process to determine PAM would be based on OPG's 24 month forecast (estimate) of payments to be made by the Financing Entity. So long as that forecast (and any refresh) is consistent with the "Financing Plan" (also prepared by OPG) and is "reasonably expected to align with the fair allocation amount", the Province will be required to accept the PAM based on OPG's forecast – i.e., no discretion to reject or modify the aggregate amount of the Province's commitment initially or from time to time. Is the Province prepared to tie its CLPA obligation automatically to the operation of the OFHPA in this way, without review and with perpetual effect?

11. Is the proposed mechanical link to the OFHPA calculations consistent with the OIC or other governance requirements applicable to the Province's authority to approve the CLPA?

12. Is the initial 24 month forecast period appropriate (e.g., 2.5B x 2 – large)? Is OPG's proposed refresh of the PAM (mechanically tied to the new forecast), 9 to 12 months prior to the end of the 24 month forecast period, appropriate?

D. "Process-Related" Matters

13. Assuming the Province is okay with the arrangements described in question 7, above, we would envision a mechanism where the Province could give the Indenture Trustee notice of a breach (if known) by OPG of the PAM or process-related side agreement, and that such a notice would have the effect of cutting off the application of the CLPA for any future incurrences unless the Province further agrees otherwise. Does the Province agree that this sort of failsafe is essential? Note that OPG's suggestion has been that no pre-incurrence non-adherence/failsafe provision be provided, in order to allow the Province to provide notice that the CLPA will not apply to a pending/proposed incurrence.

14. Does the Province need to contemplate other scenarios where the CLPA would become ineffective in respect of future incurrences, such as:

    a. an OPG change of control

    b. a policy-based determination by a future government

    c. an unanticipated circumstance, such as the incurrence by the Financing Entity of assessed tax liabilities, indemnity payments, "increased costs", rating downgrades, offering disclosure-based claims, defaults under the program,

insolvency of a major counterparty (e.g., swap counterparty or services provider), etc.

d. a discretionary circumstance where the Province decides it no longer wishes to be liable under the CLPA?

We expect that OPG would push back so that any suspension of new obligations by the Province would not hamper OPG's ability to complete an anticipated/needed refinancing.

15. Does the Province have any reservations about letting OPG at any time provide a binding certificate to third parties regarding adherence, which would be determinative of the Province's obligations. What conditions for this sort of certificate would make sense (e.g., preview and consent by the Province)? Does this proposal raise any governance/authority issues for the Province (e.g., scope of delegation; FAA compliance)?

16. If the Province is prepared to be liable for taxes owing by the Financing Entity (see question 1, above), what oversight, assurances, documentation and reporting regarding the potential for entity-level taxes should the Province require (if any)?

17. OPG is proposing that the Province will receive a certificate prior to the Financing Entity incurring a funding obligation, that sets out "the material terms of the funding obligations pertaining to the principal amount, pricing and third party fees". Is that a sufficient amount of detail, or would the Province like to specifically itemize its information expectations, to cover things such as:

    a. details respecting any principal obligation, such as:

        i. the amount, timing and conditions of repayments (including any redemption or extension rights)

        ii. the basis for OPG's expectations regarding the availability of any related refinancings

        iii. any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the principal obligation

        iv. the rating (if any) contemplated to be attributed to the principal repayment of the funding obligation

        v. details respecting any redemption rights, including the nature and conditions applicable to any exercise and OPG's expected basis for determining whether or not to exercise a redemption right, option or privilege;

    b. details respecting interest obligations, such as:

        i. the anticipated interest or discount rate or rates (including default rates)

        ii. the timing/frequency/conditions of coupon payments

iii. any required deposits to be made into a finance reserve account or supplemental account

iv. the availability of any funding rebates in order to provide for payment of interest

v. the rating (if any) contemplated to be attributed to the interest obligation;

c. details respecting any hedging obligation (e.g., interest or FX swaps, options or other derivatives), such as:

i. the name of the counterparty and credit details

ii. the credit ratings (if any) of the payor(s)

iii. the risks sought to be mitigated by the derivative

iv. anticipated circumstances (if any) in which the derivative may not achieve such mitigation or be subject to early termination

v. whether collateral posting requirements will apply;

d. details respecting other funding obligations, such as:

i. the payee

ii. the timing and any conditions of payments

iii. any required deposits to be made into a finance reserve account or supplemental account or the availability of any funding rebates in order to provide for payment of such obligations

iv. in the case of a contingent obligation (e.g., indemnities), the nature and extent of any contingency affecting the payment obligation, the circumstances in which a payment obligation may arise and any specified maximum claim amount

e. assuming that the Province would be liable for capital, reserve or supplementary account deposit obligations (see question 6, above), details respecting the schedule for such deposits and the conditions for the application of such amounts to pay such amounts and the related priorities for application.

18. OPG (and presumably OPG's accountants) is contemplating that the Province will be provided transaction documentation "in substantially final form" and that the Province will not be entitled to provide input "other than in its capacity as obligor under the [CLPA]". In other words, assuming that the CLPA is signed in advance, the Province will have no real opportunity to comment on the forms of transaction documents to be used, and will

have a limited opportunity to "not accept" [1] the documentation. Can the Province live with these limitations?

19. The proposed OPG certificate (pre-incurrence) would include an attestation by OPG regarding the use of pre-reviewed documentation. The test for conformity of the to-be-used documentation, compared to the pre-reviewed documentation, would focus only on whether "the covenants of the Financing Entity are no more onerous in any material respect" and that the "events of default" are consistent "in all material respects". Is the limited scope of this conformity test acceptable, or should it be broadened and cover specific items such as:

    a. no differences in the timing of or circumstances under which payments are or may become due (for example, as a result of any termination, wind-up, liquidation or realization)

    b. no differences that could affect the Province's rights of subrogation or interests as a subrogee

    c. with respect to the anticipated form of series specific documents (as opposed to the upfront terms of program-wide "master" documents), confirming that the variable terms set forth in the proposed documents are as reasonably contemplated in the reviewed forms, having regard to such matters as:

        i. the type of instrument to be issued (i.e., debt (bullet vs. amortizing), equity-linked, pass-through instruments, etc.)

        ii. the scope of the related obligations (e.g., redemption or extension features or other optionality)

        iii. the extent of the related obligations (e.g., limited recourse features, limitations on indemnities, etc.)

        iv. the timing, conditions and circumstances in which payment obligations may arise,

    but making it clear that conformity would not include a comparison to the particular financial terms, rates, levels and parameters of the obligations other than if the reviewed forms specify specific requirements, limitations or parameters.

20. How much time is sufficient for the Province:

    a. to do an initial review of the main transaction documentation (including forms of series-specific documents), which would set the acceptable pattern for future

---

[1] Note that the proposed OPG language is not crystal clear that the Province can reject the reviewed documentation, which we expect is merely drafting, but that will need to be confirmed assuming the Province wishes to work within the OPG/Tory mark-up.

issuances? The proposal is 15 BDs, although that does not seem to make sense given that OPG proposes that the Province must confirm acceptance of the terms within 15 BDs of receipt of the documentation

b. to do a review of any changes to the main transaction documentation (including forms of series-specific documents), which would reset the acceptable pattern for future issuances? The proposal is to receive proposed amendments at least 15 BDs prior to first use, and the Province would confirm acceptance of the terms within 15 BDs of receipt of the documentation

c. to review applicable details of a proposed funding obligation in advance of an incurrence (proposal is 10BDs)?

21. What other items should be incorporated into the timeline from the Province's perspective?

E. Information, Reporting and Other Covenants

22. OPG proposes to provide the Province with an applicable "Financing Plan" only after an incurrence. Does the Province need to see this document as it is issued and changed, rather than only after the time of an incurrence?

23. OPG proposes to provide the Province with any actual offering/disclosure documents only after it is used. Does the Province need to have input into offering/disclosure document before use or dissemination (e.g., the description of the CLPA)?

24. OPG has limited its negative covenant on elections by the Financing Entity following a Protection Event to actions that would accelerate obligations. Should this be broader to cover extensions or other consensual changes that could affect the obligations (e.g., creditor concessions).

F. Parties

25. Will it be sufficient for the CLPA (and any procedural side-letter) to be signed by OPG, acting solely in its capacity as "financial services manager" (i.e., with OPG's liability being limited by the terms of the related management or administrative agreement)? How does this interplay with any other indemnities or exculpatory provisions that the Province is anticipating for OPG (corporate) and its officers?

26. Who from OPG should sign the officer's certificate? The OPG proposal is 2 "executive officers".

27. OPG proposes that a failure to comply with the PAM or "approval process" will not result in any breach. Assuming that OPG is in fact proposing that its failure would have no consequences, including as between the Province and OPG whatsoever, are the process aspects of the OPG proposal even meaningful to the Province?

From:	Anna Strathy
To:	Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); "stephen.ashbourne@blakes.com"; Hresa Gavaris; John Psinas
Subject:	Discussion of OPG's Proposed Adherence Terms | OFA, OPCD, MOF, Legal Counsel
Start:	Friday, October 27, 2017 2:00:00 PM
End:	Friday, October 27, 2017 5:00:00 PM
Location:	Executive Boardroom, 14th Floor, 1 Dundas OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

A continuation from October 26

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

Hi Ron,

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

Thanks,

John

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

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

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

Regards
Carlos

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

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

Ron

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

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

Thanks

Ken k

OFHP Business Issues

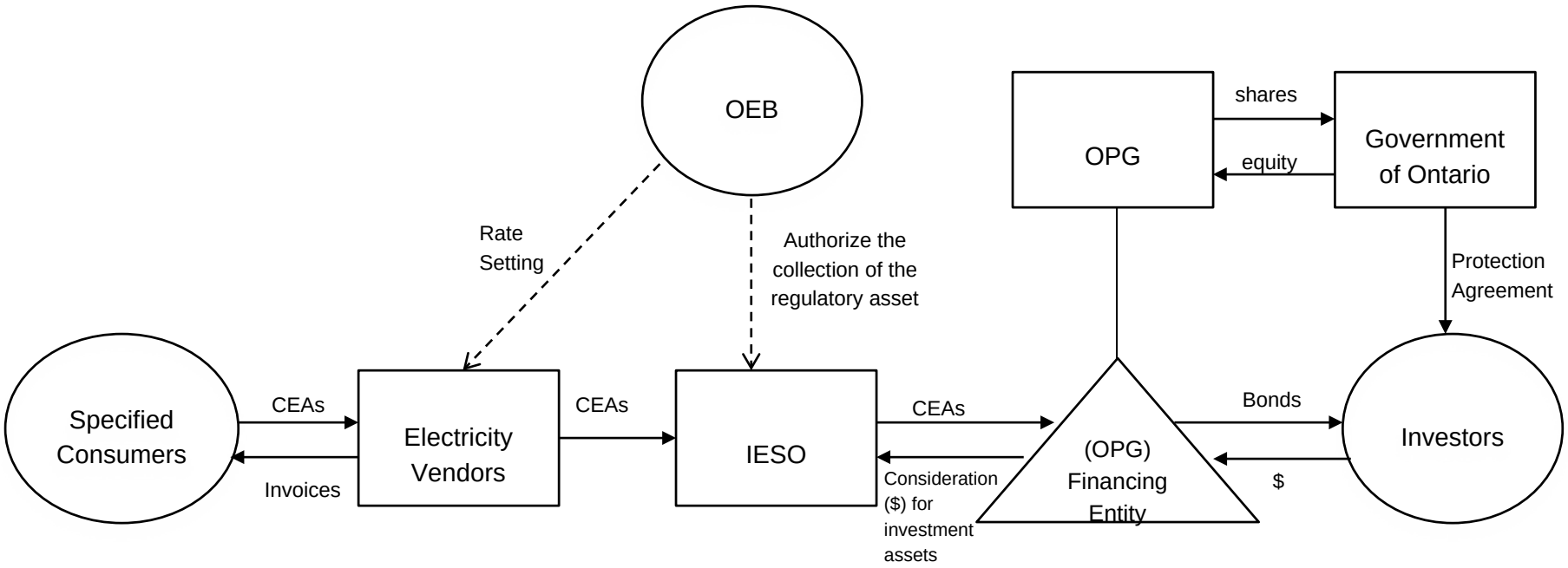
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

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

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provincial Protection and Assurances Agreement

Overview:

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

Provincial Protection and Assurances Agreement (Con't)

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

Next Steps:

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

Fair Allocation Amount

Overview:

- xx

Next Steps:

- xx

Management Fees Regulation

Overview:

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

Next Steps:

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

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- xx

Equity Injections

Overview:

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

Next Steps:

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

Subordinated Debt Agreement

Overview:

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

Next Steps:

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

PILs Exemption

Overview:

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

Next Steps:

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

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

Yes, I do not have any new info

C

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

Hi Carlos,

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

John

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

John

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

follows:

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

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Regards

Carlos

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

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

Ron

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

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

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

Thanks

Ken k

From:	Hanslep, Malle (MOF)
To:	Ken Kandeepan; Mike Manning; Gadi Mayman; Ronald Kwan; Thouin, Alena (ENERGY); Veinot, Cindy (TBS); Mark Donaldson (MOF); Steen Hume (CAB); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); McKinlay, Tom (ENERGY)
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: 23239361-v10-CLPA - Process AgreementFIN.docx
Date:	Thursday, November 16, 2017 5:23:46 PM
Attachments:	23239361-v10-CLPA - Process AgreementFIN.docx

Hi,

Here are a few changes to the Process Agreement (marked on the clean version that Steve did a couple of days ago) to address a couple of issues.

1. S. 5.02 - Revisions to the Province's reps and warranties to focus on its obligations under the agreement as the province may have to put in place other legal authority to exercise the Province's option to assume the obligations after a protection event has occurred in the event the province determines that is appropriate. As a separate point, should we put the words "(but shall not be obligated)" into the protection agreement provision re: assumption s. 6.01. This phrase is in the process agreement right now.
2. Article VI - Revisions to this article to clarify that this is process under which the Province obtains information in order to determine whether to make an election to assume. As a result I removed the timeframe in 6.02. It is only when the Province gives the assumption notice under the protection agreement that it is triggering its option (after a protection event).

Torys is revising the process agreement draft but these are items that we would ask to include into that next wording (subject to your comments).

Thank you.

Malle

Draft: November 14, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.[, AS FINANCIAL SERVICES MANAGER[1]]

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

[1] OPG to consider if this agreement should form part of the overall covenant pattern (Program Agreement). We assume not. If OPG signs as FSM, consider the potential impact on the Trust, if the FSM is considered to be contracting on behalf of the Trust as principal. The intention was to keep these terms 'behind the scenes' and as between OPG and the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**")[, as Financial Services Manager for the Financing Entity in accordance with the Act,] is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, the [FSM] provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to [the FSM] that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations [the FSM] has agreed to perform and assurances [the FSM] has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of [the FSM], and of the Province in accordance with the Act, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.11 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.12 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF [THE FSM]

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, [the FSM] shall deliver to the Province a copy of the initial Financing Plan. Thereafter, [the FSM] shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, [the FSM] shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, [the FSM] shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) Promptly upon request, [the FSM] shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) [The FSM] shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;

(B) consent to the resignation of the Manager under the Management Agreement; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) [The FSM] shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iii) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify the FSM, the latter shall prevail. [For clarity, OPG's obligations under this Agreement are solely in its capacity as the FSM.]

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

[The FSM] shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation, and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Primary Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Primary Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination and the Province provided its written consent to such use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made and for which the Province had previously provided its written consent;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars and in respect of which a Derivative Agreement has been entered into to hedge related currency exposures shall be valued for this purpose on the basis of the hedged value expressed in Canadian dollars for so long as such Derivative Agreement is in good standing.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the "process certificate" referred to in Subsection 4.02(b) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to [the FSM]; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to [the FSM].

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 or Article VI of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a

result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with Article VI of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's

expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently with the consent of the Province if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars and in respect of which a Derivative Agreement has been entered into to hedge related currency exposures shall be valued for the purposes of this Section 4.01 on the basis of the hedged value expressed in Canadian dollars for so long as such Derivative Agreement is in good standing.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of [the FSM]

[The FSM] represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its

obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has been validly appointed, and has irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution~~,~~ and delivery of and performance by the Province of its obligations ~~of~~ under this Agreement ~~by the Province~~ have been authorized by all necessary action on the part of the Province;

(b) the execution and~~,~~ delivery of and performance by the Province of its obligations ~~of~~ under this Agreement ~~by the Province~~ do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION[2] TO ASSUME APPROVED OBLIGATIONS

6.01 Election by the Province

Pursuant to section 6.01 of the Protection Agreement, ~~A~~at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee~~.~~ ~~To make such election, t~~ Prior to determining whether or not to exercise its election, the Province may ~~shall duly~~ complete and deliver to [the FSM] a notice in the form of Exhibit A (an "**Election Information Notice**"), [which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured NTD: Don't think we would send the form of agreement at this point since basic draft is attached to Protection Agreement]. The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to [the FSM] (the "**Proposed Assumption Date**").

[2] OPG's proposal to move Art VI to the Protection Agreement is not consistent with the original basis for the Process Agreement - to keep the details and plumbing out of the "external" document. If we move toward putting all of this into the Protection Agreement, it will raise additional drafting issues (e.g., we will have to have a parallel "Breach Event" concept in the Protection Agreement that will deal with these sorts of undertakings and allow for a suspension of the Limited Guarantee). OPG to advise if that approach is preferred.

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to [the FSM], [the FSM] shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) [the form of Assumption Agreement in respect of the assignment and assumption of all Obligations Secured attached as Exhibit E to the Change of Law Protection Agreement.[3] – this is appended to the Protection Agreement and if it has to be customized to any particular Obligations, think it would be done after Province's review of all this material.]

6.03 Settlement of Terms

~~Within 30 Business Days f~~Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to ~~will~~ proceed with the assignment and assumption of the Obligations Secured [NTD: Do we have to confirm to OPG? This is not the legally effective notice anyway.] and, if it will be proceeding with the assignment and assumption, the date on

[3] Torys to provide a draft of the proposed form of global Assumption Agreement for all Obligations Secured. The Province may be guided by OPG on this, but we note that it seems simplistic to think that the same assumption agreement will work for swaps, debt and service obligations.

which the Province expects ~~intends~~ that assignment and assumption will be effected., [which may not be earlier than the Proposed Assumption Date.?] If the expected assignment and assumption date is later than the Proposed Assumption Date, the Pro~~i~~vince may request updated information under s. 6.02. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement., ~~which will specify such date as the "Assumption Closing Date" for the purposes thereof.~~ A decision not to proceed with an election at any time does not prevent the Province from proceeding at a later date including issuing a subsequent Election Information Notice and Article VI of this Agreement continues to apply.

6.04 Cooperation to Implement the Assignment and Assumption

[The FSM] shall cooperate with the Province and will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, [the FSM] shall cause the Financing Entity to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[4]

[4]The Trust Indenture will need to permit the obligations of the Financing Entity to the Indenture Trustee and the Noteholders to be assigned to and assumed by the Province in accordance with an assumption agreement, substantially in a form of agreement to be set out in an exhibit to the Trust Indenture. The Province agrees that the same form of the assumption agreement should also be an exhibit to the Change of Law Protection Agreement. The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of [the FSM] under this Agreement, which continues for thirty (30) days after written notice by the Province to [the FSM] of such default or breach;

(b) any representation or warranty made by [the FSM] in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to [the FSM] of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to [the FSM], and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, [the FSM] and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated

below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC., [AS FINANCIAL SERVICES MANAGER TO THE FINANCING ENTITY]

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount [referenced as the Program Agreement Maximum in accordance with Article IV].

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

From: Ronald Kwan
To: John Kim
Subject: FW: 23239361-v10-CLPA - Process AgreementFIN.docx
Date: Thursday, November 16, 2017 5:41:27 PM
Attachments: 23239361-v10-CLPA - Process AgreementFIN.docx

Hi John,

Comments?

Ron

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: November-16-17 17:24
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: 23239361-v10-CLPA - Process AgreementFIN.docx

Hi,

Here are a few changes to the Process Agreement (marked on the clean version that Steve did a couple of days ago) to address a couple of issues.

1. S. 5.02 - Revisions to the Province's reps and warranties to focus on its obligations under the agreement as the province may have to put in place other legal authority to exercise the Province's option to assume the obligations after a protection event has occurred in the event the province determines that is appropriate. As a separate point, should we put the words "(but shall not be obligated)" into the protection agreement provision re: assumption s. 6.01. This phrase is in the process agreement right now.
2. Article VI - Revisions to this article to clarify that this is process under which the Province obtains information in order to determine whether to make an election to assume. As a result I removed the timeframe in 6.02. It is only when the Province gives the assumption notice under the protection agreement that it is triggering its option (after a protection event).

Torys is revising the process agreement draft but these are items that we would ask to include into that next wording (subject to your comments).

Thank you.

Malle

Draft: November 14, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.[, AS FINANCIAL SERVICES MANAGER[1]]

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

[1] OPG to consider if this agreement should form part of the overall covenant pattern (Program Agreement). We assume not. If OPG signs as FSM, consider the potential impact on the Trust, if the FSM is considered to be contracting on behalf of the Trust as principal. The intention was to keep these terms 'behind the scenes' and as between OPG and the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**")[, as Financial Services Manager for the Financing Entity in accordance with the Act,] is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, the [FSM] provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to [the FSM] that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations [the FSM] has agreed to perform and assurances [the FSM] has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of [the FSM], and of the Province in accordance with the Act, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.11 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.12 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF [THE FSM]

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, [the FSM] shall deliver to the Province a copy of the initial Financing Plan. Thereafter, [the FSM] shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, [the FSM] shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, [the FSM] shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) Promptly upon request, [the FSM] shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) [The FSM] shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;

(B) consent to the resignation of the Manager under the Management Agreement; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) [The FSM] shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iii) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify the FSM, the latter shall prevail. [For clarity, OPG's obligations under this Agreement are solely in its capacity as the FSM.]

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

[The FSM] shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation, and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Primary Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Primary Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination and the Province provided its written consent to such use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made and for which the Province had previously provided its written consent;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars and in respect of which a Derivative Agreement has been entered into to hedge related currency exposures shall be valued for this purpose on the basis of the hedged value expressed in Canadian dollars for so long as such Derivative Agreement is in good standing.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the "process certificate" referred to in Subsection 4.02(b) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to [the FSM]; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to [the FSM].

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 or Article VI of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a

result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with Article VI of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's

expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently with the consent of the Province if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars and in respect of which a Derivative Agreement has been entered into to hedge related currency exposures shall be valued for the purposes of this Section 4.01 on the basis of the hedged value expressed in Canadian dollars for so long as such Derivative Agreement is in good standing.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of [the FSM]

[The FSM] represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its

obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has been validly appointed, and has irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution~~,~~ and delivery of and performance by the Province of its obligations ~~of~~ under this Agreement ~~by the Province~~ have been authorized by all necessary action on the part of the Province;

(b) the execution and~~,~~ delivery of and performance by the Province of its obligations ~~of~~ under this Agreement ~~by the Province~~ do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION[2] TO ASSUME APPROVED OBLIGATIONS

6.01 Election by the Province

Pursuant to section 6.01 of the Protection Agreement, ~~A~~at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee~~.~~ ~~To make such election, t~~ Prior to determining whether or not to exercise its election, the Province may ~~shall duly~~ complete and deliver to [the FSM] a notice in the form of Exhibit A (an "**Election Information Notice**"), [which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured NTD: Don't think we would send the form of agreement at this point since basic draft is attached to Protection Agreement]. The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to [the FSM] (the "**Proposed Assumption Date**").

[2] OPG's proposal to move Art VI to the Protection Agreement is not consistent with the original basis for the Process Agreement - to keep the details and plumbing out of the "external" document. If we move toward putting all of this into the Protection Agreement, it will raise additional drafting issues (e.g., we will have to have a parallel "Breach Event" concept in the Protection Agreement that will deal with these sorts of undertakings and allow for a suspension of the Limited Guarantee). OPG to advise if that approach is preferred.

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to [the FSM], [the FSM] shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) [the form of Assumption Agreement in respect of the assignment and assumption of all Obligations Secured attached as Exhibit E to the Change of Law Protection Agreement.[3] – this is appended to the Protection Agreement and if it has to be customized to any particular Obligations, think it would be done after Province's review of all this material.]

6.03 Settlement of Terms

~~Within 30 Business Days f~~Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to ~~will~~ proceed with the assignment and assumption of the Obligations Secured [NTD: Do we have to confirm to OPG? This is not the legally effective notice anyway.] and, if it will be proceeding with the assignment and assumption, the date on

[3] Torys to provide a draft of the proposed form of global Assumption Agreement for all Obligations Secured. The Province may be guided by OPG on this, but we note that it seems simplistic to think that the same assumption agreement will work for swaps, debt and service obligations.

which the Province expects ~~intends~~ that assignment and assumption will be effected., [which may not be earlier than the Proposed Assumption Date.?] If the expected assignment and assumption date is later than the Proposed Assumption Date, the Pro~~i~~vince may request updated information under s. 6.02. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement., ~~which will specify such date as the "Assumption Closing Date" for the purposes thereof.~~ A decision not to proceed with an election at any time does not prevent the Province from proceeding at a later date including issuing a subsequent Election Information Notice and Article VI of this Agreement continues to apply.

6.04 Cooperation to Implement the Assignment and Assumption

[The FSM] shall cooperate with the Province and will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, [the FSM] shall cause the Financing Entity to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[4]

[4]The Trust Indenture will need to permit the obligations of the Financing Entity to the Indenture Trustee and the Noteholders to be assigned to and assumed by the Province in accordance with an assumption agreement, substantially in a form of agreement to be set out in an exhibit to the Trust Indenture. The Province agrees that the same form of the assumption agreement should also be an exhibit to the Change of Law Protection Agreement. The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of [the FSM] under this Agreement, which continues for thirty (30) days after written notice by the Province to [the FSM] of such default or breach;

(b) any representation or warranty made by [the FSM] in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to [the FSM] of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to [the FSM], and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, [the FSM] and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated

below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC., [AS FINANCIAL SERVICES MANAGER TO THE FINANCING ENTITY]

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount [referenced as the Program Agreement Maximum in accordance with Article IV].

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

From: Anna Strathy
To: Gadi Mayman
Cc: Ken Kandeepan; Mike Manning; Ronald Kwan
Subject: FW: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx
Date: Tuesday, November 28, 2017 11:32:48 AM
Attachments: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

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Hi Gadi,

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If you're ok with my recommendations above, I'll proceed.

Anna

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 28, 2017 11:28 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

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Thanks.

Malle

Ontario Fair Hydro Plan

Limited Guarantee from the Province

[Date]Appropriate cover page to be inserted

Context – should be reviewed and updated as required

- Ontario Fair Hydro Plan Act ("**Act**") permits debt financings through one or more [special purpose] financing entities, to be managed by OPG
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  - Amounts owing will be serviced from "clean energy adjustments" ("**CEAs**") collected from "specified consumers"
- Hydro Trust [will be] established to facilitate the first financing transactions
  - Some combination of short-term "warehouse financings" and long-term notes will be issued
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  - Proceeds raised before December 31st are expected to be $•M ($•M from external investors)
  - Future issuances will follow the same pattern (51% external/senior; 49% OPG/subordinated)
- Payment obligations will be owed to noteholders, lenders, credit enhancers, derivative counterparties, service providers, etc.
  - Payment obligations will be governed under a Trust Indenture
  - Hydro Trust payment obligations under the Trust Indenture are "Obligations Secured"
- Limited Guarantee from the Province of obligations payable by Hydro Trust when due
  - Province pays only upon a "Protection Event"
  - Limited Guarantee applies to almost all Obligations Secured
  - Certain "**Adherence Conditions**" to be satisfied before Limited Guarantee willy apply to material obligations
- Two relevant agreements:
  i. Change of Law Protection Agreement ("**Protection Agreement**")
  ii. Change of Law Process Agreement ("**Process Agreement**")

Limited Guarantee from the Province

- Triggered by a "**Protection Event**": Either:
  - There is a change of law (by the Legislature, LGIC, Ministers, government officials, government appointed boards, etc.) or implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or and entity controlled by the Province that materially and adversely affects either (1) the ability of Hydro Trust to receive CEA cash flows or (2) the Protection Agreement or any Obligation Secured
  - A court of competent jurisdiction determines that any part of the OFHPA or the related regulations are *ultra vires* or invalid in a way that materially and adversely affects the ability of Hydro Trust to receive CEA cash flows and that in fact results in a deficiency such that Hydro Trust cannot pay Obligations Secured when they become due

- **Not covered by the Limited Guarantee:**
  - Amounts required to be deposited into collateral or reserve accounts established under the Hydro Trust program to credit enhance or provide liquidity for ultimate payment of Obligations Secured
  - Certain residual payments to OPG under the "payment waterfall"

- **Term:** Until all applicable Obligations Secured are paid in full

Adherence Conditions

- Certain minimal conditions will apply before the Limited Guarantee will attach to applicable Obligations Secured:
  - **Incurrence of indebtedness to fund ownership of an Investment Interest**
  - **Entry into ISDA master agreements**
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- Those conditions are:
  - Must be an Obligation Secured under the Trust Indenture
  - Delivery of officer's certificate by OPG to Indenture Trustee confirming compliance with internal processes as between OPG and the Province in connection the Limited Guarantee (under the Process Agreement)
  - Province has not delivered a "Suspension Notice"

Process between Province and OPG

- Process Agreement between Province and OPG
  - Sets out informational requirements and supporting affirmations regarding incurrence or amendment of Obligations Secured
  - Contemplates some (limited) rights of Province to comment on disclosure and terms of Obligations Secured
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- Delivery of Process Certificate by OPG executive officers to the Province setting out:
  - Material terms of obligations (incurrence or amendment)
  - Confirmation that terms are "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that the offering document is "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that no breach of the Process Agreement has occurred
  - Confirmation that the maximum payment amounts due in the future under the obligation plus other outstanding amounts will not exceed the "**Protection Agreement Maximum**"
  - Confirmation that any disclosure referring to the Protection Agreement or Process Agreement was made available to the Province
  - Confirmation as to reasonableness, arm's length terms and conditions, and compliance with the Act and the Financing Plan

- Suspension Right
  - Uncured breach of Process Agreement or breach by any party of other program agreements allows Province to suspend Limited Guarantee for new obligations, other than for refinancings
  - Exercise of suspension right does not impact prior Hydro Trust obligations covered under the Limited Guarantee

Obligation of Province on Protection Event

- Make payments on Limited Guarantee
- Payments replicate stream of CEAs to pay amounts due and payable by Hydro Trust
- In event of an acceleration of any Obligation Secured, Province would pay acceleration amounts, capped at scheduled payment amounts (without acceleration) plus an additional amount up to the “fair allocation” in the aggregate [should this reference regulation?]
- Province will be subrogated to rights of the creditors of Hydro Trust to the extent of performance under the Limited Guarantee

Obligations of OPG

- Process Agreement obligates OPG, but without limiting protections under existing indemnity agreement
  - Province has indemnified OPG, its subsidiaries, and each of their respective directors, officers and employees from liability resulting from activities under the Act and activities of Hydro Trust pursuant to an Indemnity Agreement
- If there is any conflict between the Process Agreement, the Protection Agreement and the existing Indemnity Agreement in respect of any matter relating to the Province's indemnification obligations in favour of OPG, the Indemnity Agreement is paramount

Provincial Approval Process

- Authorization under Section 5(3) of OFHPA
  - Section 5(3) provides that LGIC may by order authorize the Minister of Energy and Minister of Finance, acting together on behalf of the Province, to agree to guarantee or indemnify obligations associated with an Investment Interest
- Order in Council 1981/2017 made pursuant to subsection 5(3) of the OFHPA
  - The OIC authorizes the Minister of Energy and the Minister of Finance, acting together on behalf of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of a financing entity established under the OFHPA associated with investment interests acquired by a financing entity.
- [Should TB approval be included here?]
- Approval under section 28 of *Financial Administration Act* will be required prior to entry into the Protection Agreement and the Process Agreement by the Minister of Finance and the Minister of Energy.

Accounting Implications

- [Please complete. Please describe absence of lump-sum recognition and other disclosure/notes that would be required in Province's financial statements.]

- [Please also complete following slide in respect of accounting risks.]

Risks

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From: Ronald Kwan
To: John Kim
Subject: FW: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx
Date: Tuesday, November 28, 2017 12:47:25 PM
Attachments: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

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Hi John,

Comments? Note the s.28 point.

Ron

From: Anna Strathy
Sent: November-28-17 11:57
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

Gadi, I hope you don't mind, but I went ahead and sent to OPCD/Energy in the interest of time. We still have an opportunity to remove the accounting/risk slides if you think it necessary.

By way of this email, I'd like to also ask Ken, Mike and Ron to review the attached and let me know if they have any edits/comments. The red text is Malle's edits.

Thanks, Anna

From: Anna Strathy
Sent: Tuesday, November 28, 2017 11:33 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
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From:	Nguyen, Marianne (MOF)
To:	Ronald Kwan
Subject:	FW: 8AM ENE Briefing
Date:	Tuesday, September 19, 2017 7:49:09 PM
Attachments:	TB20 Submission_Provincial Protection Agreement_V9_clean.pdf TB20 Submission_Provincial Protection Agreement_V9_track_change.pdf MOF Briefings_OFHP_Protection Agreement_v10.pptx

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From: McLean, David (MOF)
Sent: September-19-17 7:39 PM
To: Ghiassi, Ali (MOF); Nguyen, Marianne (MOF)
Subject: 8AM ENE Briefing

Hi guys – here's the material for tomorrow morning's meeting on the provincial protection agreement.

David McLean
Executive Assistant
and Special Policy Advisor
Deputy Minister's Office
Ministry of Finance
416-327-0192
david.mclean@ontario.ca

PROVINCIAL PROTECTION AND ASSURANCES AGREEMENT

1. PROGRAM/BRANCH: Ontario Financing Authority

2. SUMMARY OF REQUEST:

Provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by one or more financing entities established by Ontario Power Generation Inc. pursuant to s. 22 of the *Ontario Fair Hydro Plan Act, 2017* ("OPG Financing Entities"), that, under certain circumstances as set out in the proposed arrangements the Province would pay when due amounts in respect of the obligations of the Financing Entity.

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) Approve that the Minister of Finance and Minister of Energy, on behalf of Ontario, provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend that Cabinet approve an Order in Council, to be made under subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

3. BACKGROUND:

On March 2, 2017, the government announced its proposed Ontario's Fair Hydro Plan (OFHP) to lower electricity bills by 25%, on average, for a typical residential consumer, and holding increases to the rate of inflation for four years. As part of OFHP, it was announced that a portion of the Global Adjustment (GA) would be refinanced in order to fairly allocate costs across present and future generations of electricity consumers with respect to investments made to decarbonize (i.e., phase-out coal) and modernize Ontario's electricity system (i.e., build and maintain a reliable electricity system). This would be achieved by spreading the cost of electricity investments so that they are shared proportionately by future consumers who cause a need for, or benefit from, the province's multi-billion dollar investments in electricity infrastructure.

To this end, immediate rate relief to eligible ratepayers is provided by deferring and spreading the cost recovery of electricity investments over a longer period of time. Under forecasts provided by the Ministry of Energy at the time of the OFHP announcement in March, the immediate reduction would be about $2.5 billion per year on average over the first ten years. The Ministry of Energy will report back to TB/MBC in fall 2017-18 with an update on out-year projections following analysis on rate applications before the Ontario Energy Board.

Under the *Ontario Fair Hydro Plan Act, 2017,* (the "OFHPA"), which enables GA Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected over four years. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset". The OFHPA provides for the IESO to sell all or a portion of the regulatory asset; i.e., the right to recover those deferred amounts from specified consumers in the future. Under the OFHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the OFHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly, the Province) from the capital markets; however, OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the OFHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations;
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or unenforceable; and
- Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations.

In the event the protection agreement is triggered, the Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers.

In addition, the Province would also have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged.

Section 28 of the *Financial Administration Act (FAA), 1990* requires that the Minister of Finance's approval is obtained before a ministry seeks an Order in Council (OIC) to enter into a guarantee or indemnity that would increase the contingent liabilities of Ontario. The Minister of Finance has given Section 28 approval for the Minister of Energy, together with the Minister of Finance to recommend the OIC to Cabinet and will, acting together with the Minister of Energy, determine the terms and conditions of and execute the proposed guarantee/indemnity in accordance with the OIC, if approved.

5. ADMINISTRATIVE IMPACTS:

To be managed by existing staff.

6. RISKS:

If the protection agreement is not approved, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from IESO or the cost of the financing will be potentially materially greater than it otherwise would be.

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of the OFHP and peak at an estimated $24B to $26B of debt (final cost forecasts TBC), including principal and accumulated interest.

In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time. The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

While it is difficult to estimate the actual impact to the Province's interest on debt (IOD) expense, the worst case scenario would be the Province assuming the debt at its peak. If so, IOD expense may increase between $0.8B and $1.3B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.

It is important to note that, if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (IOD expense) will depend on whether or not some portions of the OFHPA continue in some form, or not. If the payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used. Also, debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

7. COMMUNICATION PLAN

Key Messages

- Ontario's Fair Hydro Plan has resulted in the biggest electricity rate reduction in Ontario's history.

- We have heard from Ontarians across the province that the price of electricity has risen too quickly, which is why we moved forward with a plan to ensure the costs are shared more evenly over the years ahead.
- The government is following through on its commitment to balance the books as announced in its 2017 Budget, while continuing to make investments in priority areas such as electricity price relief.

Strategic Approach

- Low-profile, reactive and targeted to industry stakeholders and government employees as necessary. Reactive messaging contingent upon legislative changes only with back-pocket QAs to support as needed.
- Communications support will continue to be led by the Ministry of Energy.

8. RECOMMENDATION

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017*, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends the Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council

	makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*); (5) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that [materially][1] and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][2] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that [materially][3] and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity.

[1] Under consideration to assess the marketability implications of materiality threshold.

[2] Under consideration to assess the marketability implications of this phrase.

[3] See footnote 1, above.

Optional Assumption:	At any time following the occurrence of a Protection Event, the Obligor shall be entitled (but not obligated) to assume the Financing Entity's obligations in respect of Specified Claims as obligor and debtor. The Financing Entity (including through the Financial Services Manager) will ensure that Specified Claims permit such an assumption by the Obligor without any penalty or make-whole payment (or, in the case of any contract for the provision of on-going services to the Financing Entity, the satisfaction and termination of the Specified Claims without any acceleration of future fees, profits or other like amounts), or any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

Ontario

Executive Council of Ontario
Order in Council

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Conseil exécutif de l'Ontario
Décret

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "Act"), the Lieutenant Governor in Council may by order authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest as described under the Act;

AND WHEREAS pursuant to subsection 22(2) of the Act, Ontario Power Generation Inc. as financial services manager, may establish or cause to be established one or more financing entities (a "Financing Entity") that may incur funding obligations in connection with investment interests;

AND WHEREAS it is considered desirable to authorize the Minister of Energy and the Minister of Finance to agree to guarantee or indemnify debts, obligations, securities or undertakings of a Financing Entity associated with investment interests acquired by a Financing Entity;

NOW THEREFORE:

1. Pursuant to subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017*, the Minister of Energy and the Minister of Finance, acting together on behalf of Ontario, are authorized to enter into one or more agreements to guarantee or indemnify the debts, obligations securities or undertakings of a Financing Entity associated with investment interests acquired by a Financing Entity.

2. The Minister of Energy and the Minister of Finance, acting together on behalf of Ontario are authorized to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee and indemnity authorized under paragraph 1 of this Order.

- - - - - - -

ATTENDU QU'en vertu du paragraphe 5 (3) de la *Loi de 2017 sur le Plan ontarien pour des frais d'électricité équitables* (la « Loi »), le lieutenant-gouverneur en conseil peut, par décret, autoriser le ministre de l'Énergie et le ministre des Finances, agissant de concert au nom de la province, à accepter de garantir ou de rembourser les dettes, obligations, valeurs mobilières ou engagements associés à une participation d'investissement et prévus dans la Loi;

ATTENDU QU'en vertu du paragraphe 22 (2) de la Loi, Ontario Power Generation Inc., en tant que gestionnaire des services financiers, peut créer ou faire créer une ou plusieurs entités de

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: Tobias Whitfield

Telephone/Téléphone: 416-325-1456

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le : _____

Secretary/Secrétaire: _____

financement (une « entité de financement ») qui peuvent contracter des obligations de financement dans le cadre de la participation d'investissement;

ATTENDU QU'il est jugé souhaitable d'autoriser le ministre de l'Énergie et le ministre des Finances à accepter de garantir ou de rembourser les dettes, obligations, valeurs mobilières ou engagements d'une entité de financement qui sont associés à une participation d'investissement acquise par cette dernière;

EN CONSÉQUENCE :

1. En vertu du paragraphe 5 (3) de la *Loi de 2017 sur le Plan ontarien pour des frais d'électricité équitables*, le ministre de l'Énergie et le ministre des Finances, agissant de concert au nom de la province, sont autorisés à accepter de garantir ou de rembourser les dettes, obligations, valeurs mobilières ou engagements d'une entité de financement qui sont associés à une participation d'investissement acquise par cette dernière.

2. Le ministre de l'Énergie et le ministre des Finances, agissant de concert au nom de la province, sont autorisés à fixer les conditions et le plafond de la garantie ou du remboursement qu'autorise l'article 1 du présent décret.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Recommended: Minister of Energy
Recommandé par : Le ministre de l'Énergie

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

Ministry of Finance
Office of the Minister

Ministère des Finances
Bureau du ministre

Ontario

7th Floor, Frost Building South
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Telephone: 416-325-0400
Facsimile: 416-325-0374

7e étage, Édifice Frost Sud
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Téléphone: 416-325-0400
Télécopieur: 416-325-0374

Approval pursuant to section 28 of the *Financial Administration Act*

For the purpose of subsection 28(1) of the *Financial Administration Act*, I hereby approve the Minister of Energy and Minister of Finance seeking approval from the Lieutenant Governor in Council for the attached recommendation for an order in council pursuant to section 5(3) of the *Ontario Fair Hydro Plan Act, 2017*.

Minister of Finance

Provincial Protection and Assurances Agreement

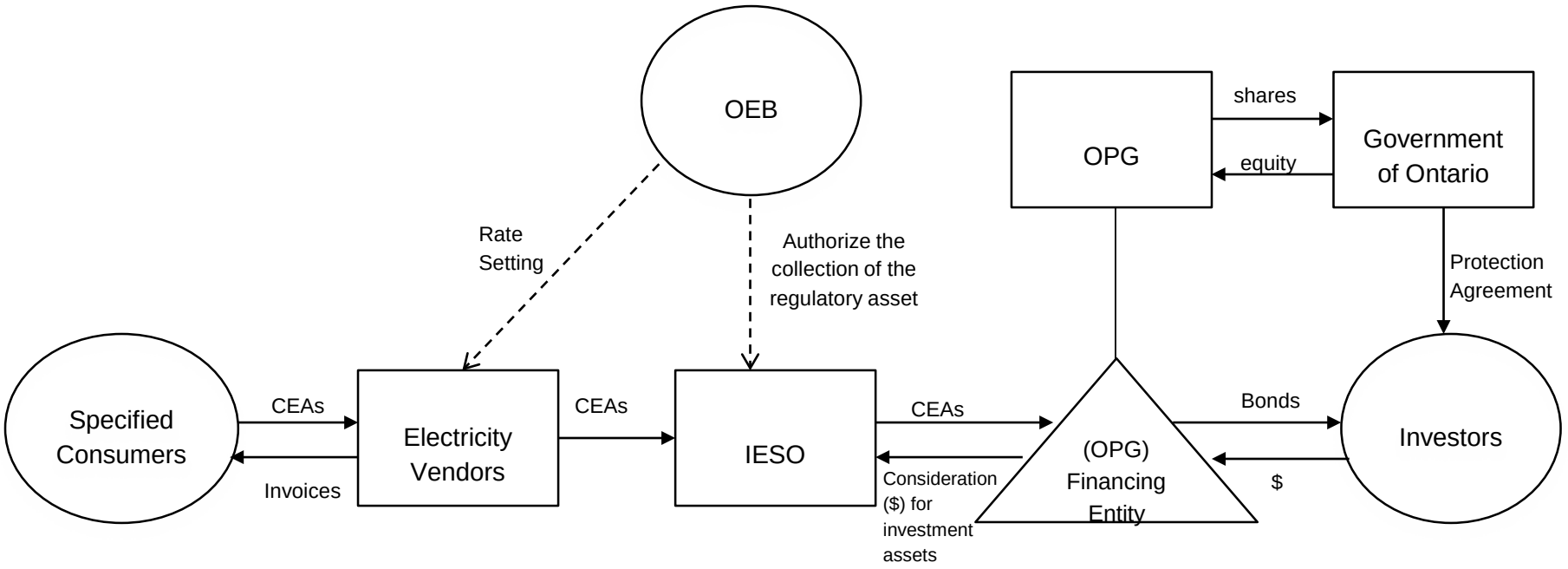
September 19, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Background

- The *Ontario Fair Hydro Plan Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset to recover the balance in the variance account
    - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
    - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
    - The Financing Entity will purchase the regulatory asset, effectively financing the shortfall in current rates not received from ratepayers
- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- OPG has requested that the Province provide a protection agreement that supports the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would take over the funding obligations of the Financing Entity

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provisions Under the Act

- As contemplated under the Act, OPG is requesting a Provincial commitment to support the planned Financing Entity's ability to borrow to finance the deferral of global adjustment amounts in certain limited circumstances
- Under s.5(3) of the OFHP Act,
  - *The LGIC may by order,*
    - *Authorize the Minister (of Energy) and the Minister of Finance, acting together on behalf of the Province,*
      - *To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and*
      - *To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity*
    - *Specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance*
    - *Specify a maximum liability for the guarantee or indemnity*

Provincial Protection Agreement

- OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:
    - Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the *Ontario Fair Hydro Plan Act, 2017*, or new legislation that adversely affect the Financing Entity
    - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
    - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.
- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
    - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access US market as investors in that market will likely require additional compensation if the assumption agreement is triggered

Considerations

- If a protection agreement is not provided, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from the IESO or the cost of the financing will be potentially materially greater than it otherwise would be
- If a protection agreement is provided, the Province takes on a contingent liability
  - The creation of a contingent liability will not currently affect net debt
  - The amount of the contingent liability will increase over the duration of the Fair Hydro Plan and peak at an estimated $24B to $26B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
  - IOD expense may increase between $0.8B and $1.3B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Proposed Minute

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

a) Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   i. to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and

   ii. to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

~~CHANGE OF LAW~~PROVINCIAL ~~-~~PROTECTION AND ASSURANCES AGREEMENT

1. PROGRAM/BRANCH: Ontario Financing Authority

2. SUMMARY OF REQUEST:

Provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by one or more financing entities established by Ontario Power Generation Inc. pursuant to s. 22 of the *Ontario Fair Hydro Plan Act, 2017* ("OPG Financing Entities"), that, under certain circumstances as set out in the proposed arrangements the Province would pay when due amounts in respect of the obligations of the Financing Entity.

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) ~~Authorize~~ Approve that the Minister of Finance and Minister of Energy, on behalf of Ontario, provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend ~~to~~ that Cabinet approve an Order in Council, to be made under subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

3. BACKGROUND:

On March 2, 2017, the government announced its proposed Ontario's Fair Hydro Plan (OFHP) to lower electricity bills by 25%, on average, for a typical residential consumer, and holding increases to the rate of inflation for four years. As part of OFHP, it was announced that a portion of the Global Adjustment (GA) would be refinanced in order to fairly allocate costs across present and future generations of electricity consumers with respect to investments made to decarbonize (i.e., phase-out coal) and modernize Ontario's electricity system (i.e., build and maintain a reliable electricity system). This would be achieved by spreading the cost of electricity investments so that they are shared proportionately by future consumers who cause a need for, or benefit from, the province's multi-billion dollar investments in electricity infrastructure.

To this end, immediate rate relief to eligible ratepayers is provided by deferring and spreading the cost recovery of electricity investments over a longer period of time. Under forecasts provided by the Ministry of Energy at the time of the OFHP announcement in March, the immediate reduction would be about $2.5 billion per year on average over the first ten years. The Ministry of Energy will report back to TB/MBC in fall 2017-18 with an update on out-year projections following analysis on rate applications before the Ontario Energy Board.

Under the *Ontario Fair Hydro Plan Act, 2017,* (the "OFHPA"), which enables GA Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected over four years. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset". The OFHPA provides for the IESO to sell all or a portion of the regulatory asset; i.e., the right to recover those deferred amounts from specified consumers in the future. Under the OFHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the OFHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly, the Province) from the capital markets; however, OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a ~~change of law~~ protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the OFHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations;
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or unenforceable; and
- ~~[~~Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations. ~~*Note: this third protection event is not included in the current draft of the term sheet agreed to by Ministry of Finance staff; however, OPG is expected to continue to negotiate for its inclusion. It has been included in the TB submission, but may be removed once negotiations are complete, prior to TB/MBC consideration of this item on September 26, 2017.*~~]

In the event the protection agreement is triggered, the Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers.

In addition, the Province would also have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged.

Section 28 of the *Financial Administration Act (FAA), 1990* requires that the Minister of Finance's approval is obtained before a ministry seeks an Order in Council (OIC) to enter into a guarantee or indemnity that would increase the contingent liabilities of Ontario. ~~In this case, t~~The Minister of Finance has given Section 28 approval for the ~~, together with the~~ Minister of Energy, together with the Minister of Finance to~~, is~~ recommend~~ing~~ the OIC to Cabinet and will, acting together with the Minister of Energy, determine the terms and conditions of and execute the proposed guarantee/indemnity in accordance with the OIC, if approved.

5. ADMINISTRATIVE IMPACTS:

To be managed by existing staff.

6. RISKS:

If the protection agreement is not approved, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from IESO or the cost of the financing will be potentially materially greater than it otherwise would be.

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of the OFHP and peak at an estimated $24B to $26B of debt (final cost forecasts TBC), including principal and accumulated interest.

In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time. The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

While it is difficult to estimate the actual impact to the Province's interest on debt (IOD) expense, the worst case scenario would be the Province assuming the debt at its peak. If so, IOD expense may increase between $0.8B and $1.3B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.

It is important to note that, if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (IOD expense) will depend on whether or not some portions of the OFHPA continue in some form, or not. If the payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used. Also, debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

7. COMMUNICATION PLAN

Key Messages

- Ontario's Fair Hydro Plan has resulted in the biggest electricity rate reduction in Ontario's history.
- We have heard from Ontarians across the province that the price of electricity has risen too quickly, which is why we moved forward with a plan to ensure the costs are shared more evenly over the years ahead.
- The government is following through on its commitment to balance the books as announced in its 2017 Budget, while continuing to make investments in priority areas such as electricity price relief.

Strategic Approach

- Low-profile, reactive and targeted to industry stakeholders and government employees as necessary. Reactive messaging contingent upon legislative changes only with back-pocket QAs to support as needed.
- Communications support will continue to be led by the Ministry of Energy.

8. RECOMMENDATION

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) ~~Authorize~~ Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017*~~Ontario Fair Hydro Act~~, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and

(ii) to determine terms and conditions of the guarantee or indemnity

and the maximum liability for the guarantee or indemnity.

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding ~~on the parties~~.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends the ~~General~~ Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are

	appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*);~~,~~ (5) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that [materially][1] and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][2] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that [materially][3] and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

[1] Under consideration to assess the marketability implications of materiality threshold.

[2] Under consideration to assess the marketability implications of this phrase.

[3] See footnote 1, above.

Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity ~~and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent~~.
Optional ~~Replacement~~Assumption:	At any time following the occurrence of a Protection Event, the Obligor shall be entitled (but not obligated) to assume the Financing Entity's obligations in respect of Specified Claims as obligor and debtor. The Financing Entity (including through the Financial Services Manager) will ensure that Specified Claims permit such an assumption by the Obligor without any penalty or make-whole payment (or, in the case of any contract for the provision of on-going services to the Financing Entity, the satisfaction and termination of the Specified Claims without any acceleration of future fees, profits or other like amounts), or any requirement for further consent, approval or agreement.~~At any time following the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable, the Obligor shall be entitled (but not obligated) to replace the Financing Entity as obligor and debtor and directly assume all of the Financing Entity's outstanding obligations and liabilities. The Financing Entity (including through the Financial Services Manager) will ensure that any obligation and liabilities undertaken or assumed by it will by their terms permit such a replacement and assumption (or, if applicable, satisfaction and termination) by the Obligor without additional cost or penalty and without any requirement for further consent, approval or agreement.~~
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.

Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity. ~~The Change of Law Protection Agreement will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Protection Agreement applies to such Specified Claim.~~ ~~The Change of Law Protection Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Protection Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims.~~ ~~The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.~~
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

Provincial Protection and Assurances Agreement

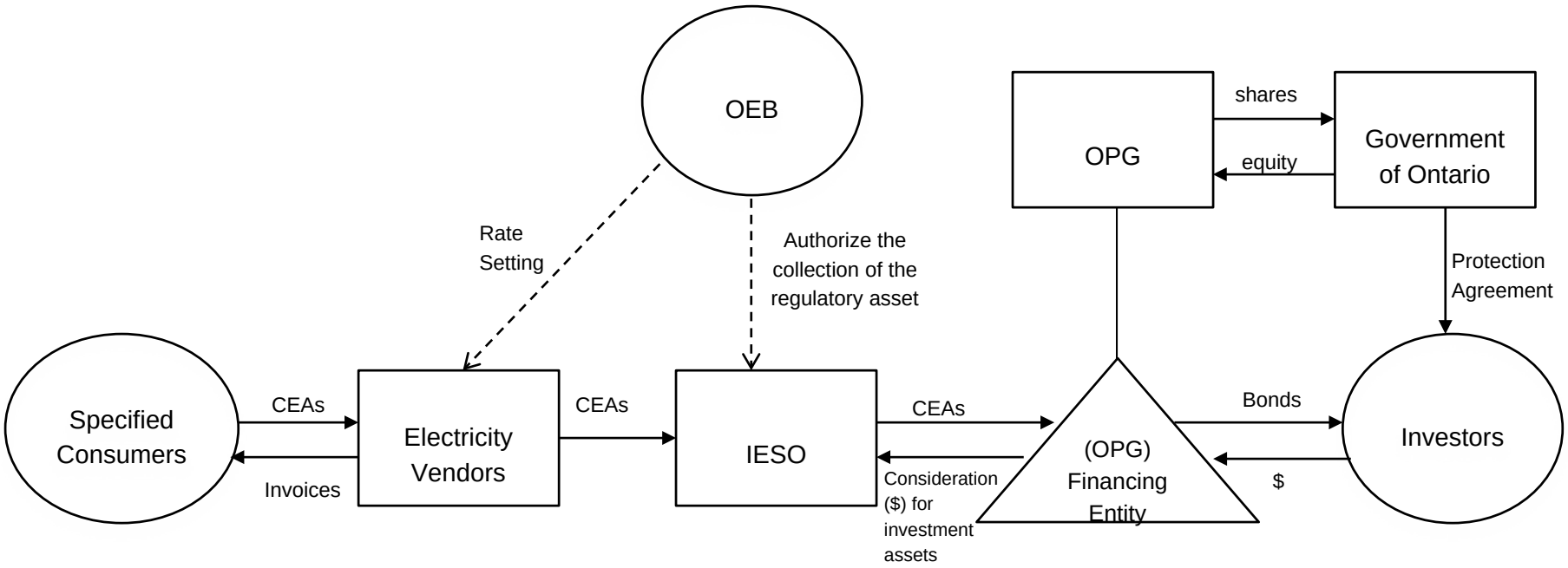
September 19, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Background

- The *Ontario Fair Hydro Plan Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset to recover the balance in the variance account
    - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
    - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
    - The Financing Entity will purchase the regulatory asset, effectively financing the shortfall in current rates not received from ratepayers
- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- OPG has requested that the Province provide a protection agreement that supports the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would take over the funding obligations of the Financing Entity

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provisions Under the Act

- As contemplated under the Act, OPG is requesting a Provincial commitment to support the planned Financing Entity's ability to borrow to finance the deferral of global adjustment amounts in certain limited circumstances
- Under s.5(3) of the OFHP Act,
  - *The LGIC may by order,*
    - *Authorize the Minister (of Energy) and the Minister of Finance, acting together on behalf of the Province,*
      - *To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and*
      - *To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity*
    - *Specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance*
    - *Specify a maximum liability for the guarantee or indemnity*

Provincial Protection Agreement

- OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:
  - Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the *Ontario Fair Hydro Plan Act, 2017*, or new legislation that adversely affect the Financing Entity
  - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
  - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.
- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
  - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access US market as investors in that market will likely require additional compensation if the assumption agreement is triggered

Considerations

- If a protection agreement is not provided, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from the IESO or the cost of the financing will be potentially materially greater than it otherwise would be
- If a protection agreement is provided, the Province takes on a contingent liability
  - The creation of a contingent liability will not currently affect net debt
  - The amount of the contingent liability will increase over the duration of the Fair Hydro Plan and peak at an estimated $24B to $26B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
  - IOD expense may increase between $0.8B and $1.3B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Proposed Minute

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

a) Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   i. to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and

   ii. to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

From:	Usman Zahid
To:	Ronald Kwan
Subject:	FW: Adherence Process for Change of Law Protection Agreement | OFA, OPCD, MOF, Legal Counsel
Date:	Thursday, October 12, 2017 12:06:46 PM

Hi Ron,

I did mention to Anna that the Change of Law meeting conflicted with the Mo Bi-Weekly (see below)

From: Anna Strathy
Sent: Thursday, October 12, 2017 10:52 AM
To: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: Adherence Process for Change of Law Protection Agreement | OFA, OPCD, MOF, Legal Counsel

Could Ron call in from Frost? And leave a bit early at 3:30? Hopefully we'll be done by then anyways.

From: Usman Zahid
Sent: Thursday, October 12, 2017 10:36 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Adherence Process for Change of Law Protection Agreement | OFA, OPCD, MOF, Legal Counsel

Hi Anna,

Ron has a conflict with this meeting. The CEFD Mo Bi-Weekly is scheduled for 3:30pm. Scott Nelms also attends that meeting as well.

Regards,

Usman

-----Original Appointment-----
From: Anna Strathy
Sent: Thursday, October 12, 2017 8:55 AM
To: Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Veinot, Cindy (TBS); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Malle Hanslep (MOF); 'stephen.ashbourne@blakes.com'; Hresa Gavaris

Cc: Gadi Mayman
Subject: Adherence Process for Change of Law Protection Agreement | OFA, OPCD, MOF, Legal Counsel
When: Thursday, October 12, 2017 3:00 PM-3:45 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Executive Boardroom, 14th Floor, 1 Dundas Street

Please call Hresa at 5-8002 upon arrival

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Mike Manning; Ronald Kwan; Ken Kandeepan; Veinot, Cindy (TBS); Mark Donaldson (MOF); Steen Hume (CAB); Daniel Cayley (ENERGY); Anna Strathy; Scott Nelms (ENERGY); James Devine; Carlos Yep; Keley Katona (ENERGY); Usman Zahid; Anis Hirani; John Kim; John Psinas
Cc:	Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Subject:	FW: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements
Date:	Tuesday, November 21, 2017 9:17:59 AM
Attachments:	23239360-v17-CLPA - Protection Agreement.DOCX 23239360-vpdf-CLPA - Protection Agreement.PDF 23239361-v14-CLPA - Process Agreement.DOCX 23239361-vpdf-CLPA - Process Agreement.PDF

Please find attached mark-ups sent to us for our review by Blakes this morning.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 21, 2017 8:57 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: VINER, JON; PRESTAGE, JA
Subject: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements

Hi. Here are my comments on the mark-ups forwarded to us by Torys yesterday afternoon. These blacklines show changes from the Torys/Osler 11/20 versions. I have colour coded the open items (gray points require client input; yellow are items for discussion/resolution among the lawyers). I suggest that we meet with the MOE and OFA clients this morning if possible to try to sort out these remaining issues – assuming that OPG needs these matters resolved before submitting the agreements to its Board tomorrow morning. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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Draft (SRA): November 21, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[1]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Torys and Blakes to discuss signatory on behalf of the Trust. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would propose to do the same on the change of law agreement.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.[3]

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[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

[3] OPG/Dealers are contemplating a complete purging of "Process Agreement" connections. Needs to be discussed.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to

any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of [the Province][4], the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. **[The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.] [NTD: this is unusual. Why is it necessary in this Agreement?]**[5]

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS

[4] Province to consider limitations on these sorts of forward-looking provisions.

[5] This language came from Torys' (Nina) first suggestion regarding the Process Agreement on October 20th (10:23am).

AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than [3] Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"),[6][7] the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date.[8]

ii. On each such Guarantee Payment Date, the Province shall pay the Aggregate Approved Obligations Amount [to the Indenture Trustee][9] and the [Indenture Trustee shall deposit] such amount to the Protection Account.

iii. On each such Guarantee Payment Date, the [Indenture Trustee][10] shall apply all amounts on deposit in the Protection Account to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited

[6] PM: Interest Payment Dates and Principal Payment Dates are set in the supplements. While the present intention is to set them on Payment Dates, there is no guarantee that will always be the case.

[7] Province to consider timing of payments. The effect of the requested change is to make payments less predictable in terms of frequency.

[8] Province to consider what information it needs. We had suggested (1) aggregate outstanding amount and (2) details regarding any default – but these information requirements were deleted.

[9] Province to consider whether amounts should be directly deposited or paid through the Indenture Trustee.

[10] Province to consider payment mechanics and consequences of relying on a covenant of the Indenture Trustee, alone.

pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[11] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][12] shall apply all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[13]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

[11] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

[12] Confirm.

[13] A corresponding provision needs to be added to the Trust Indenture and each other Funding Obligation Agreement under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03 or Section 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred.

4.02 Adherence Conditions[14]

There shall be [no Adherence Conditions applicable in relation to: (i) a Primary Obligation that is not a Funding Obligation or (ii) a Primary Obligation that (x) arises under a Derivative Agreement, or (x) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity.] The following shall be the Adherence Conditions applicable in relation to a Primary Obligation [that is a Funding Obligation that does provide for the advance of more than $■ to the Financing Entity]:

(a) the Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) either (x) OPG delivers an officer's certificate[15] addressed to the Indenture Trustee, prior to the entering into of the related Funding Obligation Agreement, confirming that OPG has complied with its obligations to the Province in connection with the Primary Obligation, or (y) OPG has in fact complied with its obligations to the Province in connection with the Primary Obligation; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

For greater certainty, satisfaction of the Adherence Conditions for a Funding Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under, or in respect of, the Funding Obligation and the related Funding Obligation Agreement as such agreement may be amended, restated, supplemented or otherwise modified from time to time.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)(x) in connection with an incurrence of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

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[14] Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors. Note to Province: OPG/Dealers is asking to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[15] Province: OPG deleted the specific reference to the CFO/Treasurer. Other drafting issues include (1) removal of reference to the earlier of pricing or closing (2) tying to the "Funding Obligation Agreement", which may permit future incurrences without any additional documentation (meaning that the incurrence test would not apply to those further obligations (3) references to OPG having "complied with its obligations to the Province", which is an ineffective reference since external parties will have no sense of what these are and the fact that there are no relevant obligations owed to the Province under the Protection Agreement and (4) there is a circular concept that refers to actual compliance being sufficient for adherence in lieu of the external purpose of the certificate delivery requirement. Each of these issues raises potential issues for the Province, which should be discussed.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[16]

[16] Section to be updated to conform with section in the Trust Indenture once settled.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.[17]

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[18]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

[17] Note to Province: OPG is advising that desired accounting treatment will be lost if this covenant leads to use in the future. Should this be deleted for simplicity – it was originally included by Blakes to provide the Province with a different level of optionality, but it probably not worth any further struggle based on feedback from OPG and perhaps bade optics to have included in the first place.

[18] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[19]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by

[19] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity in any of the following circumstances:

(a) following the Province becoming aware of the occurrence of a Program Breach; and

(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.

[…may be provided by the Province to the Indenture Trustee, [the FSM and the Financing Entity following the Province becoming aware of the occurrence of a Program Breach.]

[NTD: the concept of Breach Event has been removed from Protection Agreement and replaced by provisions in the Process Agreement providing that upon notice of a Breach Event to OPG in the Process Agreement, OPG will not be permitted to deliver the certificate required to satisfy the Adherence Conditions. This was done to cleanse the Protection Agreement of any references to the Process Agreement but leave the Province in the same position of being able to (indirectly) suspend application of the change of law agreement to future issuances upon a Breach Event.][20]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered.

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

[20] This is the OPG/Dealers proposal. Blakes recommends that this delinkage not be accepted by the Province. Further colour on this point is included in the mark-up of the relevant provisions of the Process Agreement.

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

(c) [Notwithstanding Section 9.03(a), assignments and participations of the rights and obligations of the Indenture Trustee and Specified Creditors (other than the Province) in accordance with the terms of the Trust Indenture may also assign the rights and obligations of the Indenture Trustee and Specified Creditors under this Agreement.][21]

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[21] The scope of this provision needs to be explained to the Province. Any further step of this sort raises important new issues and so should be subject to Province consent. Blakes recommends that this not be accepted by the Province without detailed consideration as to its impact and breadth/scope of impact.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, [BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER][22]

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS

[22] To be discussed.

INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month [during each Reference Period from and after May, 2021][23] is equal to [the Finance Amount in respect of such Reference Period][24] divided by the number of months in such Reference Period.[25]

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[23] What about earlier periods? Are they covered at all, or are they determined without regard to the acceleration mechanics of the Regulation?

[24] Tying to the Finance Amount (1) creates ambiguity regarding whether the amounts payable are limited by acceleration and (2) does not allow for the forward looking estimates and true ups that are envisioned in the Regulation. Province to consider in detail since critical.

[25] PM: the challenge is that the permitted acceleration amount is determined under the Regulations but in a post-change of law environment, we don't know what provisions of the Regulation remain [But the test is 'what would

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

[DELETION OF "BREACH EVENT" TO BE CONSIDERED BY THE PROVINCE]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

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have happened' and the reference to Regulation for this purpose can be tied back to the date of the Agreement]. By going to "Finance Amount", we are using a defined term that is frozen at the date of this agreement.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

[DELETION OF PAYMENT DATE (15TH OF MONTH) UNDER CONSIDERATION BY THE PROVINCE]

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

[DEFINITION OF SPECIFIC TERMS LINKED TO THE PROCESS AGREEMENT ARE UNDER CONSIDERATION BY THE PROVINCE]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party

under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, [other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable][26]; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

[26] Drafting under consideration. Could this be negating of the materiality condition, rather than an exception as intended.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[1]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Torys and Blakes to discuss signatory on behalf of the Trust. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would propose to do the same on the change of law agreement.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[2], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[32] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.[3]

[2] ~~Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.~~

[32] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

[3] OPG/Dealers are contemplating a complete purging of "Process Agreement" connections. Needs to be discussed.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein",

"hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[4] as of the date of this Agreement.

[4] ~~With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is one circumstance that demonstrates why the Province needs the right to know about and consider all underlying amendments.~~

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of [the Province][4], the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. **[The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.] [NTD: this is unusual. Why is it necessary in this Agreement?]**[5]

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

[4] Province to consider limitations on these sorts of forward-looking provisions.

[5] This language came from Torys' (Nina) first suggestion regarding the Process Agreement on October 20th (10:23am).

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the

Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than [3] Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**")[5][6], if any,[7] the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date.[8]

[5][6] PM: Interest Payment Dates and Principal Payment Dates are set in the supplements. While the present intention is to set them on Payment Dates, there is no guarantee that will always be the case.

[7] Province to consider timing of payments. The effect of the requested change is to make payments less predictable in terms of frequency.

[8] Province to consider what information it needs. We had suggested (1) aggregate outstanding amount and (2) details regarding any default – but these information requirements were deleted.

ii. On each such Guarantee Payment Date, the Province shall pay the Aggregate Approved Obligations Amount [to the Indenture Trustee][9] and the [Indenture Trustee shall deposit] such amount to the Protection Account.

iii. On each such Guarantee Payment Date, the [Indenture Trustee][10] shall apply all amounts on deposit in the Protection Account to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**")~~[6]~~.

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

[9] Province to consider whether amounts should be directly deposited or paid through the Indenture Trustee.

[10] Province to consider payment mechanics and consequences of relying on a covenant of the Indenture Trustee, alone.

~~[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.~~

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the

Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[7][11] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8][12] shall apply all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable

[7][11] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

[8] ~~Conform~~[12] Confirm.

[9] ~~For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.~~

Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[~~10~~13]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the

[~~10~~13] A corresponding provision needs to be added to the Trust Indenture and each other ~~contract~~Funding Obligation Agreement under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03 or Section 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the

[11] ~~The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequat e notices of these event under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.~~

Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred.

4.02 Adherence Conditions[12][14]

There shall be [no Adherence Conditions applicable in relation to: (i) a Primary Obligation that is not a Funding Obligation or (ii) a Primary Obligation that (x) arises under a Derivative Agreement, or (x) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity.] The following shall be the Adherence Conditions applicable in relation to a Primary Obligation [that is a Funding Obligation that does provide for the advance of more than $■ to the Financing Entity]:

(a) the Primary Obligation when incurred ~~will be~~is an Obligation Secured under the Trust Indenture; and

(b) either (x) OPG delivers an officer's certificate[15] addressed to the Indenture Trustee, prior to the entering into of the related Funding Obligation Agreement, confirming that OPG has complied with its obligations to the Province in connection with the Primary Obligation, or (y) OPG has in fact

[12] ~~The~~[14] Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement ~~impacts~~is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and ~~creates~~explain what uncertainty an ordinary closing condition of this type poses for investors. Note to Province~~:~~: OPG/Dealers is asking to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[15] Province: OPG deleted the specific reference to the CFO/Treasurer. Other drafting issues include (1) removal of reference to the earlier of pricing or closing (2) tying to the "Funding Obligation Agreement", which may permit future incurrences without any additional documentation (meaning that the incurrence test would not apply to those further obligations (3) references to OPG having "complied with its obligations to the Province", which is an ineffective reference since external parties will have no sense of what these are and the fact that there are no relevant obligations owed to the Province under the Protection Agreement and (4) there is a circular concept that refers to actual compliance being sufficient for adherence in lieu of the external purpose of the certificate delivery requirement. Each of these issues raises potential issues for the Province, which should be discussed.

complied with its obligations to the Province in connection with the Primary Obligation; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

For greater certainty, satisfaction of the Adherence Conditions for ~~any~~a Funding Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under, or in respect of, the Funding Obligation and the related Funding Obligation Agreement as such agreement may be amended, restated, supplemented or otherwise modified from time to time.[13]

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)(x) in connection with an incurrence of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of

[13] ~~This language was added to track Section 2(2) of the regs and ensure that there is no obligation to satisfy the Adherence Conditions every time interest is incurred in respect of a Funding Obligation for which the Adherence Conditions have already been satisfied.~~

payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[14][16]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.[15][17]

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time

[14][16] Section to be updated to conform with section in the Trust Indenture once settled.

[15] To be confirmed this covenant is only meant to apply following a Payment Demand? Note that once the[17] Note to Province exercises this right, ,the': OPG is advising that desired accounting treatment will be lost if this covenant leads to use in the future. Should this be deleted for simplicity – it was originally included by Blakes to provide the Province with a different level of optionality, but it probably not worth any further struggle based on feedback from OPG and perhaps bade optics to have included in the first place.

from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[16][18]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[17][19]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any

[16][18] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.
[17][19] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity in any of the following circumstances:

(a) following the Province becoming aware of the occurrence of a Program Breach; and

(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.

[…may be provided by the Province to the Indenture Trustee, [the FSM and the Financing Entity following the Province becoming aware of the occurrence of a Program Breach.]

[NTD: the concept of Breach Event has been removed from Protection Agreement and replaced by provisions in the Process Agreement providing that upon notice of a Breach Event to OPG in the Process Agreement, OPG will not be permitted to deliver the certificate required to satisfy the Adherence Conditions. This was done to cleanse the Protection Agreement of any references to the Process Agreement but leave the Province in the same position of being able to (indirectly) suspend application of the change of law agreement to future issuances upon a Breach Event.][20]

[20] This is the OPG/Dealers proposal. Blakes recommends that this delinkage not be accepted by the Province. Further colour on this point is included in the mark-up of the relevant provisions of the Process Agreement.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[18].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

[18] ~~This will be affected by the resolution of the "amendments" point.~~

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

(c) [Notwithstanding Section 9.03(a), assignments and participations of the rights and obligations of the Indenture Trustee and Specified Creditors (other than the Province) in accordance with the terms of the Trust Indenture may also assign the rights and obligations of the Indenture Trustee and Specified Creditors under this Agreement.][21]

9.04 Enurement

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

[21] The scope of this provision needs to be explained to the Province. Any further step of this sort raises important new issues and so should be subject to Province consent. Blakes recommends that this not be accepted by the Province without detailed consideration as to its impact and breadth/scope of impact.

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:

By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, [BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER][22]

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

[22] To be discussed.

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS[19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with ~~the terms~~such applicable payment provisions of the Trust Indenture in respect of each relevant month [during each Reference Period from and after May, 2021][23] is equal to [the Finance Amount in respect of such

[19] ~~If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.~~

[23] What about earlier periods? Are they covered at all, or are they determined without regard to the acceleration mechanics of the Regulation?

Reference Period][24] divided by the number of months in such Reference Period.[2025]

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

[DELETION OF "BREACH EVENT" TO BE CONSIDERED BY THE PROVINCE]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[24] Tying to the Finance Amount (1) creates ambiguity regarding whether the amounts payable are limited by acceleration and (2) does not allow for the forward looking estimates and true ups that are envisioned in the Regulation. Province to consider in detail since critical.

[2025] PM: the challenge is that the permitted acceleration amount is determined under the Regulations but in a post-change of law environment, we don't know what provisions of the Regulation remain [But the test is 'what would have happened' and the reference to Regulation for this purpose can be tied back to the date of the Agreement]. By going to "Finance Amount", we are using a defined term that is frozen at the date of this agreement.

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

[DELETION OF PAYMENT DATE (15TH OF MONTH) UNDER CONSIDERATION BY THE PROVINCE]

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

[DEFINITION OF SPECIFIC TERMS LINKED TO THE PROCESS AGREEMENT ARE UNDER CONSIDERATION BY THE PROVINCE]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, [other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable][26]; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its

[26] Drafting under consideration. Could this be negating of the materiality condition, rather than an exception as intended.

Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on Tuesday, November 21, 2017 8:49:08 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/16
Description	TOR_2528-#23239360-v16-CLPA_-_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/17
Description	TOR_2528-#23239360-v17-CLPA_-_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	107
Deletions	65
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	172

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**[1], between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[2]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[3]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[4]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without

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[1] Province to confirm whether closing opinions from OPG's counsel will be required in relation to the Process Agreement.

[2] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.

[3] Lawyers to discuss.

[4] Once agreements are settled, Province to provide draft notice. Province: Consider timing and sequencing of document sign-off: (1) Minister review in "substantially the form" (2) marketing, including changes of terms, offering documents, etc – to be reviewed (3) once settled, notice as contemplated here and (4) Ministers to sign at closing?

impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. [The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.][5]

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL

[5] Torys original language. Noted to be unusual. Province is fine deleting, provided is consistent with the approach taken in the Protection Agreement.

LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidation or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[6];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

[6] Added to address the scenarios contemplated in 2.01(c).

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event) [the delivery of a Payment Demand[7]], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) [For greater certainty, nothing in this Agreement is intended to derogate from OPG's obligations as FSM and Manager.] [8]

(d) Nothing in this Agreement [nor in the Change of Law Protection Agreement][9] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

[7] OPG/Dealers have said that "Given that delivery of a Payment Demand is the trigger for the Limited Guarantee, the delivery of the Payment Demand is the more appropriate milestone." Note to Province: The Payment Demand is in 3rd party hands. Province wants to crystalize at the earliest time that the Province may be called upon (i.e., Protection Event).

[8] This is a provision could effectively override the Process Agreement if there is any incongruence between the OPG obligations to the Province and the broad (basically unconstrained) powers on behalf of the Trust. OPG should not be able to excuse non-performance under the Process Agreement by creating a conflict through the exercise of those broad powers under the Management Agreement. Blakes recommends that this change not be accepted.

[9] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[10]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation[11] [(other than a Funding Obligation that (x) arises under a Derivative Agreement, or (y) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity),] and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:[12]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

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[10] OPG/Dealers have indicated that "The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement." Province has asked Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors. Blakes recommends that this change not be accepted.

[11] OPG has asked the Province to discuss circumstances in which a certificate will be required under this Section, and has proposed that the incurrence requirements not apply to derivatives or non-borrowing obligations below a yet-to-be set materiality level. It is unclear why OPG believes that these limitations are justified – further discussion required. Blakes recommends that this limitation not be accepted.

[12] Note from OPG/Dealers: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. [Note to Province: This proposal to totally delink needs to be discussed. The suggested approach leaves OPG in the position of self-policing its own conduct and therefore significantly weakens the existing failsafe mechanism (i.e., Province can give notice directly to Indenture Trustee to cut-off future guarantees). Blakes recommends that the Province reject the complete delinkage of the 2 agreements and preserve for itself the right to give a notice to the Indenture Trustee (under the Protection Agreement) to cut-off future obligations under the Limited Guarantee.] In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and[13]

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

[13] OPG/Dealers propose to completely delink the Protection Agreement from the Process Agreement and the related concept of the Breach Event. OPG/Dealers are suggesting that the Province should take comfort from this language in the process certificate, contemplating that a breach event has not occurred at the time of delivery of the certificate, and that the absence of a breach under the Process Agreement is now specifically contemplated in section 3.02. As noted, Blakes recommends that this be rejected by the Province. The ability to exercise the suspension right directly against the Indenture Trustee is fundamental and the only way left for the Province to mitigate future damage following an OPG non-compliance scenario (other than seeking an injunction against new issuances under the Protection Agreement on the basis that OPG's actions under the Protection Agreement are inconsistent with the Process Agreement – the consequences of an application for injunctive relief being very uncertain in this context where detrimental reliance occurs to Beneficiaries who would not have any notice of the terms or intended effect of the Process Agreement).

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG[14] are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with its obligations to the Province in connection with the incurrence of the Funding Obligations in respect of which such certificate is delivered; provided that, for greater certainty, following delivery of a Breach Event Suspension Notice OPG shall not deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]**

[14] Province to consider if these officers should this be the same 2 as referred to in 3.01?

of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's

expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this

Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any

of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[15]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

[15] Note: Lawyers to discuss assumption mechanics.

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable

efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[16]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

[16] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a written notice in the form of Exhibit B (a "**Breach Event Suspension Notice**") to the Indenture Trustee, OPG and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or

servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

EXHIBIT B
FORM OF BREACH EVENT SUSPENSION NOTICE

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**[1], between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[~~1~~2]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[3]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[~~2~~4]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

[1] Province to confirm whether closing opinions from OPG's counsel will be required in relation to the Process Agreement.

[~~1~~2] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.

[3] Lawyers to discuss.

[~~2~~4] Once agreements are settled, Province to provide draft notice. Province: Consider timing and sequencing of document sign-off: (1) Minister review in "substantially the form" (2) marketing, including changes of terms, offering documents, etc – to be reviewed (3) once settled, notice as contemplated here and (4) Ministers to sign at closing?

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. [The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.][5]

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

[5] Torys original language. Noted to be unusual. Province is fine deleting, provided is consistent with the approach taken in the Protection Agreement.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days], or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following[3] (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

[3] This change was made due to accounting.

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels; ~~or~~

(B) [4]extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidation or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[6];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

[4] ~~As discussed in the meeting, this causes an accounting issue. Additionally, OPG is not permitted to resign under the Management Agreement~~[6] Added to address the scenarios contemplated in 2.01(c).

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event) [the delivery of a Payment Demand[5][7]], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) [For greater certainty, nothing in this Agreement is intended to derogate from OPG's obligations as FSM and Manager.][8]

(d) Nothing in this Agreement [nor in the Change of Law Protection Agreement][9] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

[5] [7] OPG/Dealers have said that "Given that delivery of a Payment Demand is the trigger for the Limited Guarantee, the delivery of the Payment Demand is the more appropriate milestone." Note to Province: The Payment Demand is in 3rd party hands. Province wants to crystalize at the earliest time that the Province may be called upon (i.e., Protection Event).

[8] This is a provision could effectively override the Process Agreement if there is any incongruence between the OPG obligations to the Province and the broad (basically unconstrained) powers on behalf of the Trust. OPG should not be able to excuse non-performance under the Process Agreement by creating a conflict through the exercise of those broad powers under the Management Agreement. Blakes recommends that this change not be accepted.

[9] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[6][10]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation[7][11] [(other than a Funding Obligation that (x) arises under a Derivative Agreement, or (y) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity),] and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:[8][12]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the

[6][10] OPG/Dealers have indicated that "The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement." Province has asked Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors. Blakes recommends that this change not be accepted.

[7][11] OPG has asked the Province to discuss circumstances in which a certificate will be required under this Section, and has proposed that the incurrence requirements not apply to derivatives or non-borrowing obligations below a yet-to-be set materiality level. It is unclear why OPG believes that these limitations are justified – further discussion required. Blakes recommends that this limitation not be accepted.

[8][12] Note ~~to Province~~from OPG/Dealers: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. [Note to Province: This proposal to totally delink needs to be discussed. The suggested approach leaves OPG in the position of self-policing its own conduct and therefore significantly weakens the existing failsafe mechanism (i.e., Province can give notice directly to Indenture Trustee to cut-off future guarantees). Blakes recommends that the Province reject the complete delinkage of the 2 agreements and preserve for itself the right to give a notice to the Indenture Trustee (under the Protection Agreement) to cut-off future obligations under the Limited Guarantee.] In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and[9][13]

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on

[9] ~~We have cleansed~~[13] OPG/Dealers propose to completely delink the Protection Agreement ~~of the concept of~~from the Process Agreement and the related concept of the Breach Event. ~~The~~OPG/Dealers are suggesting that the Province should take comfort from this language in the process certificate ~~already contemplates~~, contemplating that a breach event has not occurred at the time of delivery of the certificate ~~but we have also provided the added comfort of the covenant below~~, and that the absence of a breach under the Process Agreement is now specifically contemplated in section 3.02. As noted, Blakes recommends that this be rejected by the Province. The ability to exercise the suspension right directly against the Indenture Trustee is fundamental and the only way left for the Province to mitigate future damage following an OPG non-compliance scenario (other than seeking an injunction against new issuances under the Protection Agreement on the basis that OPG's actions under the Protection Agreement are inconsistent with the Process Agreement – the consequences of an application for injunctive relief being very uncertain in this context where detrimental reliance occurs to Beneficiaries who would not have any notice of the terms or intended effect of the Process Agreement).

the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG[14] are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with its obligations to the Province in connection with the incurrence of the Funding Obligations in respect of which such certificate is delivered; provided that, ~~upon receipt~~for greater certainty, following delivery of a Breach Event Suspension Notice~~,~~ OPG ~~covenants~~shall not ~~to~~ deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee.~~10~~

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]**

[14] Province to consider if these officers should this be the same 2 as referred to in 3.01?

~~[10] OPG needs the authority to provide this certification.~~

of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG,[11] and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the

[11] This is an accounting comment.

future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG,[12] and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

[12] This is an accounting comment.

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS~~13~~15

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date

~~13~~15 Note: Lawyers to discuss assumption mechanics.

shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall ~~continues~~continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, ~~will~~shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[~~14~~16]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

[~~14~~16] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a written notice in the form of Exhibit ■B (a "**Breach Event Suspension Notice**") to ~~OPG~~the Indenture Trustee, OPG and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS[15]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

~~[15] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.~~

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

EXHIBIT B
FORM OF BREACH EVENT SUSPENSION NOTICE

Document comparison by Workshare Compare on Tuesday, November 21, 2017 8:48:06 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/13
Description	TOR_2528-#23239361-v13-CLPA_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/14
Description	TOR_2528-#23239361-v14-CLPA_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	81
Deletions	59
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	140

From:	Anna Strathy
To:	Ken Kandeepan; Ronald Kwan; Mike Manning
Subject:	FW: Call this morning
Date:	Friday, November 17, 2017 11:03:34 AM
Attachments:	23239360-v14-CLPA - Protection Agreement.DOCX 23239360-vpdf-CLPA - Protection Agreement.PDF

For 11am

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, November 17, 2017 10:56 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Call this morning

In case it's useful, I attach my mark-up of the Protection Agreement (so far), for your interim consideration. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: ASHBOURNE, STEPHEN
Sent: Friday, November 17, 2017 10:50 AM
To: 'Hanslep, Malle (MOF)'
Cc: Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: RE: Call this morning

Malle, I can talk at 11 if that still works for others. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 9:55 AM
To: ASHBOURNE, STEPHEN
Cc: Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Call this morning

Hi Steve,

We would like to have a call with you this morning to discuss the implications of the alternative option that was discussed yesterday and what OPG's response so far has been. I relayed to Ken, Mike and others the fact that s. 11.01 of the Trust Indenture provides for amendments to be made without consent of specified creditors and that this is one of the reasons why OPG's proposal to put Province in the category of specified creditor alone would not result in the Province getting notice of all amendments from the Indenture Trustee. I think it would be helpful to have a discussion to go over all of the related issues.

Perhaps about 11 would be a good time – would that work for you?

Also, we are reviewing the revised versions of the agreements and as relayed last evening I have questions about the new wording under limited guarantee among other points so not sure when we will review that as well.

Thanks.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

---

[1] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

OPG and the Province will concurrently enter into the Process Agreement, under which OPG will agree to perform certain activities and to provide certain assurances in relation to this Agreement, on which the Province will rely.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[3].

[3] With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

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one circumstances that demonstrates why the Province needs the right to approve all underlying amendments before they can operate and be recognized in the context of this agreement.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the

Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall make, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than 3 Business Days prior to each Payment Date occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, the Manager shall deliver a written statement, substantially in the form attached as Exhibit B (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Payment Date, together with a detailed description identifying such Approved Obligations, the nature and amount of payments due and payable thereunder on the Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Payment Date, the Province shall pay the Aggregate Approved Obligations Amount [to the Indenture Trustee and the Indenture Trustee][4] shall deposit such amount to the Protection Account.

iii. On each such Payment Date, [the Financing Entity shall cause] the Paying Agent[5] shall apply all amounts on deposit in the Protection Account to pay

[4] Confirm payment mechanics. Consider direct deposit. Confirm that no set-off if pay through indenture trustee.

[5] To be effective, will need to add the Paying Agent as a party to this agreement.

each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the applicable payment provisions of the Trust Indenture applicable to the making of such payments on the Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount on remaining deposit in

[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.

the Protection Account that has not been applied to pay Beneficiary Payees on the Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the payment amounts, if any, and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include a loss resulting directly from a failure by the Province to pay a specified amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[7] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8] shall apply all amounts paid by the Province into the Protection Account on a Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[10]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated Section 5.01 in relation to such continuing obligations.

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[7] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

[10] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or

until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03 or Section 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

[11] The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequate notices of these event as a Specified Creditor under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied [at the time the Primary Obligation was incurred][12].

4.02 Adherence Conditions

[There shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Funding Obligation.][13] The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, prior to the earlier of (i) one Business Day prior to the incurrence [or any amendment][14] of the Primary Obligation, and (ii) [one Business Day after] [on] the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), confirming that OPG has delivered to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

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[12] Still under consideration. Tied to the discussion around authorized "amendments".

[13] Under consideration by the Province. Province is comfortable that immaterial (<1M) obligations need not be subject to these adherence provisions.

[14] Still under consideration. Tied to the discussion around authorized "amendments".

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights,

interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[15]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution, delivery and performance of this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

[15] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[16]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

[16] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity in any of the following circumstances:

(a) following the Province becoming aware of the occurrence of a Program Breach; and

(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[17].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").[18]

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

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[17] This will be affected by the resolution of the "amendments" point.

[18] The suspension right in favour of the Province is intended to allow the Province to cut-off future obligations under this Agreement, but not affect rights that have arisen prior to the suspension notice. The termination notice is a further step that allows the Province to bring this agreement to an end, but that only happens (under section 9.01) after all amounts capable of becoming due under the Limited Guarantee have been paid (i.e., the last obligation incurred prior to the suspension notice has been satisfied), including as a result of an assumption under Art VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]

Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:

Title:

SCHEDULE A
DEFINED TERMS[19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Payment Date, the aggregate of the Approved Obligation Amounts for such Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Payment Date, the amount due and payable to the Beneficiary on such Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Payment Date, the amount that would be available to be paid to the Beneficiary on such Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amounts available under such applicable payment provisions of the Trust Indenture would be limited to the Clean Energy Adjustment payable in respect of such month.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

[19] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.][20]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act as of the date of this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

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[20] Process Agreement references define Suspension Rights. If dealers and OPG are comfortable with broad suspension rights (subject to the agreement of the Province with OPG under Process Agreement, not to implement suspension rights other than for Program Breach or Breach Event), then may be able to better cleanse this Agreement of operative references to the Process Agreement.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, [as amended, supplemented, restated or otherwise modified from time to time].[21]

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, [as amended, supplemented, restated or otherwise modified from time to time].

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Date**" means the 15th day of each month.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM] [as amended, supplemented, restated or otherwise modified from time to time].

["**Process Certificate**" has the meaning ascribed thereto in the Process Agreement.]

[21] Still under consideration. Tied to the discussion around authorized "amendments".

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement, or (b) this Agreement or any of the agreements under which Approved Obligations arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligation Amounts to persons

who would be Beneficiary Payees under this Agreement in respect of Approved Obligations that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

[1] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

OPG and the Province will concurrently enter into the Process Agreement, under which OPG will agree to perform certain activities and to provide certain assurances in relation to this Agreement, on which the Province will rely.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected

and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[3].

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

[3] With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is one circumstances that demonstrates why the Province needs the right to approve all underlying amendments before they can operate and be recognized in the context of this agreement.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the

Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may ~~provide~~deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to ~~pay~~make payments in respect of the Approved Obligations ~~as provided~~at the times, in the amounts and subject to the requirements specified in this Agreement. From and after ~~the~~such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations ~~and receive Subrogation Amounts in accordance with the following procedures~~ (the "**Limited Guarantee**"), and the Financing Entity shall make, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. ~~One~~Not less than 3 Business ~~Day~~Days prior to each Payment Date ~~when any payment or payments are to be made in respect of one or more Approved Obligations, the Manager shall advise the Province in writing of~~occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, the Manager shall deliver a written statement, substantially in the form attached as Exhibit B (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of ~~such Approved Obligations on such Payment Date~~the Approved Obligations that are due and payable on such Payment Date, together with a detailed description identifying such Approved Obligations, the nature and amount of payments due and payable thereunder on the Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement,

and details regarding any default in performance by any party obligated thereunder.

ii. On each such Payment Date, the Province shall pay the Aggregate Approved Obligations Amount [to the Indenture Trustee and the Indenture Trustee][4] shall deposit such amount to the Protection Account.

iii. On each such Payment Date, [the Financing Entity shall cause] the Paying Agent[5] shall apply ~~the Aggregate Approved Obligations Amount deposited to~~all amounts on deposit in the Protection Account to pay ~~in full to the applicable Beneficiaries~~each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Payment Date the Approved Obligation Amount ~~of each Beneficiary payable~~for such Beneficiary in respect of such Approved Obligation on such Payment Date; provided that if ~~for any reason~~ the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount ~~available~~on deposit in the Protection Account on the Payment Date shall be applied to pay Beneficiaries in the order of priority in which ~~the applicable~~such Approved Obligations are payable ~~in~~under the ~~section~~applicable payment provisions of the Trust Indenture ~~which would otherwise be~~ applicable to the making of such payments on the Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Payment Date;

(ii) ~~iv. The Manager shall prepare payment instructions for the Payment Date under each section of the Trust Indenture applicable to the making of the payments under clause 2.01(a)iii allocating the amounts available to be allocated under each such section (which~~

[4] Confirm payment mechanics. Consider direct deposit. Confirm that no set-off if pay through indenture trustee.
[5] To be effective, will need to add the Paying Agent as a party to this agreement.
[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.

~~for greater certainty, are amounts other than the Approved Obligations Amounts) on the basis that: (A) for the purpose of determining the amount of the payment to each applicable Person (including the Beneficiaries of Approved Obligations), the payments made under clause 2.01(a)iii are disregarded, and (B) any amounts so determined which are payable to the Beneficiaries that have been paid under clause 2.01(a)iii are paid instead to the Province (such payments being "**Subrogation Amounts**").~~ the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount on remaining deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) ~~(b)~~ For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the payment amounts, if any, and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) ~~(c)~~ Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) ~~(d)~~ Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) ~~(e)~~ The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include ~~the loss represented by the failure to receive the principal and interest itself~~a loss resulting directly from a failure by the Province to pay a specified amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[37] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period,

[37] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8] shall apply ~~the full amount~~all amounts paid by the Province into the Protection Account on a Payment Date in respect of an Approved Obligation to pay the ~~corresponding amount~~amounts due and payable to the ~~applicable~~ Beneficiaries ~~under the Approved Obligation~~ as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account ~~in respect of an Approved Obligation~~, the ~~amount~~amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved ~~Obligation~~Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[4][10]. For greater certainty, the obligations arising in respect of ~~the~~an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

[4][10] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03 or Section ~~6.03~~ 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

[11] The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequate notices of these event as a Specified Creditor under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied [at the time the Primary Obligation was incurred][12].

[12] Still under consideration. Tied to the discussion around authorized "amendments".

4.02 Adherence Conditions

[There shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Funding Obligation.][13] The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) ~~OPG (~~the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) ~~delivers an officer's certificate~~and addressed to the Indenture Trustee, prior to the earlier of (i) one Business Day prior to the incurrence [or any amendment][14] of the Primary Obligation, and (ii) [one Business Day after] [on] the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), confirming that OPG has delivered to the Province ~~all certifications required by the Province in connection with the incurrence~~a Process Certificate in accordance with Section **[3.01]** of the ~~Primary Obligations; and [**NTD: does this work for derivatives? They are often priced at the same time they are entered into.**]~~Process Agreement; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

[13] Under consideration by the Province. Province is comfortable that immaterial (<1M) obligations need not be subject to these adherence provisions.

[14] Still under consideration. Tied to the discussion around authorized "amendments".

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary ~~for~~to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture~~.~~ in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[~~5~~15]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution, delivery and performance of this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

[~~5~~15] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[616]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

[616] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity in any of the following circumstances:

(a) ~~upon~~following the Province becoming aware of the occurrence of a Program Breach; and

(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[17].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").~~7~~[18]

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

[17] This will be affected by the resolution of the "amendments" point.

~~7~~[18] The suspension right in favour of the Province is intended to allow the Province to cut-off future obligations under this Agreement, but not affect rights that have arisen prior to the suspension notice. The termination notice is a further step that allows the Province to bring this agreement to an end, but that only happens (under section 9.01) after all amounts capable of becoming due under the Limited Guarantee have been paid (i.e., the last obligation incurred prior to the suspension notice has been satisfied), including as a result of an assumption under Art VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their ~~rights~~benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS[8][19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of ~~any~~a Payment Date, the aggregate of the Approved Obligation Amounts for such Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of ~~any Payment Date and~~ an Approved Obligation~~, either~~ under which an amount is due and payable on a Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Payment Date, the amount due and payable to the Beneficiary on such Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in ~~the applicable section in full~~such payment provisions that are due and payable on the Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Payment Date, the~~ aggregate~~ amount that would be ~~payable~~available to be paid to the Beneficiary on such Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that ~~Servicer CEA Collections in respect of each relevant month during each Reference Period from and after May, 2021 are equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period~~the amounts available under such applicable payment provisions of the Trust Indenture would be limited to the Clean Energy Adjustment payable in respect of such month.

[8] ~~Province should not have~~[19] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. ~~Province is given sufficient notice of all amendments by the terms of the various agreements~~All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.][9][20]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act as of the date of this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

[9] ~~Lawyers to discuss how to~~[20] Process Agreement references define Suspension Rights. If dealers and OPG are comfortable with broad suspension rights (subject to the agreement of the Province with OPG under Process Agreement, not to implement suspension rights other than for Program Breach or Breach Event), then may be able to better cleanse this Agreement of ~~all~~operative references to the Process Agreement ~~so that a copy of such agreement need not be provided to the rating agencies~~.

these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" ~~means the~~ has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity , [as amended, supplemented, restated or otherwise modified from time to time].[21]

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, [as amended, supplemented, restated or otherwise modified from time to time].

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Date**" ~~has the meaning ascribed thereto in the Trust Indenture~~means the 15th day of each month.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM] [as amended, supplemented, restated or otherwise modified from time to time].

[21] Still under consideration. Tied to the discussion around authorized "amendments".

["**Process Certificate**" has the meaning ascribed thereto in ~~Section 3.01 of~~ the Process Agreement.]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay ~~Obligations Secured~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement, or (b) this Agreement or any of the agreements under which Approved Obligations ~~Secured~~ arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the

ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay ~~Obligations Secured~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement in respect of Approved Obligations ~~Secured~~ that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in ~~Section~~ subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on Friday, November 17, 2017 10:53:04 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/13
Description	TOR_2528-#23239360-v13-CLPA_-_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/14
Description	TOR_2528-#23239360-v14-CLPA_-_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	165
Deletions	93
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	260

From:	Ronald Kwan
To:	John Kim
Subject:	FW: Call this morning
Date:	Friday, November 17, 2017 11:23:43 AM
Attachments:	23239360-v14-CLPA - Protection Agreement.DOCX 23239360-vpdf-CLPA - Protection Agreement.PDF

From: Anna Strathy
Sent: November-17-17 11:04
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Call this morning

For 11am

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, November 17, 2017 10:56 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Call this morning

In case it's useful, I attach my mark-up of the Protection Agreement (so far), for your interim consideration. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: ASHBOURNE, STEPHEN
Sent: Friday, November 17, 2017 10:50 AM

To: 'Hanslep, Malle (MOF)'
Cc: Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: RE: Call this morning

Malle, I can talk at 11 if that still works for others. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 9:55 AM
To: ASHBOURNE, STEPHEN
Cc: Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Call this morning

Hi Steve,

We would like to have a call with you this morning to discuss the implications of the alternative option that was discussed yesterday and what OPG's response so far has been. I relayed to Ken, Mike and others the fact that s. 11.01 of the Trust Indenture provides for amendments to be made without consent of specified creditors and that this is one of the reasons why OPG's proposal to put Province in the category of specified creditor alone would not result in the Province getting notice of all amendments from the Indenture Trustee. I think it would be helpful to have a discussion to go over all of the related issues.

Perhaps about 11 would be a good time – would that work for you?

Also, we are reviewing the revised versions of the agreements and as relayed last evening I have questions about the new wording under limited guarantee among other points so not sure when we will review that as well.

Thanks.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

---

[1] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

OPG and the Province will concurrently enter into the Process Agreement, under which OPG will agree to perform certain activities and to provide certain assurances in relation to this Agreement, on which the Province will rely.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[3].

[3] With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

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one circumstances that demonstrates why the Province needs the right to approve all underlying amendments before they can operate and be recognized in the context of this agreement.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the

Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall make, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than 3 Business Days prior to each Payment Date occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, the Manager shall deliver a written statement, substantially in the form attached as Exhibit B (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Payment Date, together with a detailed description identifying such Approved Obligations, the nature and amount of payments due and payable thereunder on the Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Payment Date, the Province shall pay the Aggregate Approved Obligations Amount [to the Indenture Trustee and the Indenture Trustee][4] shall deposit such amount to the Protection Account.

iii. On each such Payment Date, [the Financing Entity shall cause] the Paying Agent[5] shall apply all amounts on deposit in the Protection Account to pay

[4] Confirm payment mechanics. Consider direct deposit. Confirm that no set-off if pay through indenture trustee.

[5] To be effective, will need to add the Paying Agent as a party to this agreement.

each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the applicable payment provisions of the Trust Indenture applicable to the making of such payments on the Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount on remaining deposit in

[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.

the Protection Account that has not been applied to pay Beneficiary Payees on the Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the payment amounts, if any, and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include a loss resulting directly from a failure by the Province to pay a specified amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[7] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8] shall apply all amounts paid by the Province into the Protection Account on a Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[10]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated Section 5.01 in relation to such continuing obligations.

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[7] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

[10] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or

until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03 or Section 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

[11] The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequate notices of these event as a Specified Creditor under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied [at the time the Primary Obligation was incurred][12].

4.02 Adherence Conditions

[There shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Funding Obligation.][13] The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, prior to the earlier of (i) one Business Day prior to the incurrence [or any amendment][14] of the Primary Obligation, and (ii) [one Business Day after] [on] the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), confirming that OPG has delivered to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

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[12] Still under consideration. Tied to the discussion around authorized "amendments".

[13] Under consideration by the Province. Province is comfortable that immaterial (<1M) obligations need not be subject to these adherence provisions.

[14] Still under consideration. Tied to the discussion around authorized "amendments".

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights,

interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[15]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution, delivery and performance of this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

[15] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[16]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

[16] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity in any of the following circumstances:

(a) following the Province becoming aware of the occurrence of a Program Breach; and

(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[17].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").[18]

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

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[17] This will be affected by the resolution of the "amendments" point.

[18] The suspension right in favour of the Province is intended to allow the Province to cut-off future obligations under this Agreement, but not affect rights that have arisen prior to the suspension notice. The termination notice is a further step that allows the Province to bring this agreement to an end, but that only happens (under section 9.01) after all amounts capable of becoming due under the Limited Guarantee have been paid (i.e., the last obligation incurred prior to the suspension notice has been satisfied), including as a result of an assumption under Art VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]

Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:

Title:

SCHEDULE A
DEFINED TERMS[19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Payment Date, the aggregate of the Approved Obligation Amounts for such Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Payment Date, the amount due and payable to the Beneficiary on such Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Payment Date, the amount that would be available to be paid to the Beneficiary on such Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amounts available under such applicable payment provisions of the Trust Indenture would be limited to the Clean Energy Adjustment payable in respect of such month.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

[19] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.][20]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act as of the date of this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

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[20] Process Agreement references define Suspension Rights. If dealers and OPG are comfortable with broad suspension rights (subject to the agreement of the Province with OPG under Process Agreement, not to implement suspension rights other than for Program Breach or Breach Event), then may be able to better cleanse this Agreement of operative references to the Process Agreement.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, [as amended, supplemented, restated or otherwise modified from time to time].[21]

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, [as amended, supplemented, restated or otherwise modified from time to time].

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Date**" means the 15th day of each month.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM] [as amended, supplemented, restated or otherwise modified from time to time].

["**Process Certificate**" has the meaning ascribed thereto in the Process Agreement.]

[21] Still under consideration. Tied to the discussion around authorized "amendments".

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement, or (b) this Agreement or any of the agreements under which Approved Obligations arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligation Amounts to persons

who would be Beneficiary Payees under this Agreement in respect of Approved Obligations that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

[1] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

OPG and the Province will concurrently enter into the Process Agreement, under which OPG will agree to perform certain activities and to provide certain assurances in relation to this Agreement, on which the Province will rely.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected

and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[3].

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

[3] With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is one circumstances that demonstrates why the Province needs the right to approve all underlying amendments before they can operate and be recognized in the context of this agreement.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the

Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may ~~provide~~deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to ~~pay~~make payments in respect of the Approved Obligations ~~as provided~~at the times, in the amounts and subject to the requirements specified in this Agreement. From and after ~~the~~such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations ~~and receive Subrogation Amounts in accordance with the following procedures~~ (the "**Limited Guarantee**"), and the Financing Entity shall make, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. ~~One~~Not less than 3 Business ~~Day~~Days prior to each Payment Date ~~when any payment or payments are to be made in respect of one or more Approved Obligations, the Manager shall advise the Province in writing of~~occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, the Manager shall deliver a written statement, substantially in the form attached as Exhibit B (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of ~~such Approved Obligations on such Payment Date~~the Approved Obligations that are due and payable on such Payment Date, together with a detailed description identifying such Approved Obligations, the nature and amount of payments due and payable thereunder on the Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement,

and details regarding any default in performance by any party obligated thereunder.

ii. On each such Payment Date, the Province shall pay the Aggregate Approved Obligations Amount [to the Indenture Trustee and the Indenture Trustee][4] shall deposit such amount to the Protection Account.

iii. On each such Payment Date, [the Financing Entity shall cause] the Paying Agent[5] shall apply ~~the Aggregate Approved Obligations Amount deposited to~~all amounts on deposit in the Protection Account to pay ~~in full to the applicable Beneficiaries~~each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Payment Date the Approved Obligation Amount ~~of each Beneficiary payable~~for such Beneficiary in respect of such Approved Obligation on such Payment Date; provided that if ~~for any reason~~ the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount ~~available~~on deposit in the Protection Account on the Payment Date shall be applied to pay Beneficiaries in the order of priority in which ~~the applicable~~such Approved Obligations are payable ~~in~~under the ~~section~~applicable payment provisions of the Trust Indenture ~~which would otherwise be~~ applicable to the making of such payments on the Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Payment Date;

(ii) ~~iv. The Manager shall prepare payment instructions for the Payment Date under each section of the Trust Indenture applicable to the making of the payments under clause 2.01(a)iii allocating the amounts available to be allocated under each such section (which~~

[4] Confirm payment mechanics. Consider direct deposit. Confirm that no set-off if pay through indenture trustee.
[5] To be effective, will need to add the Paying Agent as a party to this agreement.
[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.

~~for greater certainty, are amounts other than the Approved Obligations Amounts) on the basis that: (A) for the purpose of determining the amount of the payment to each applicable Person (including the Beneficiaries of Approved Obligations), the payments made under clause 2.01(a)iii are disregarded, and (B) any amounts so determined which are payable to the Beneficiaries that have been paid under clause 2.01(a)iii are paid instead to the Province (such payments being "**Subrogation Amounts**").~~ the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount on remaining deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) ~~(b)~~ For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the payment amounts, if any, and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) ~~(c)~~ Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) ~~(d)~~ Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) ~~(e)~~ The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include ~~the loss represented by the failure to receive the principal and interest itself~~a loss resulting directly from a failure by the Province to pay a specified amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[37] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period,

[37] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8] shall apply ~~the full amount~~all amounts paid by the Province into the Protection Account on a Payment Date in respect of an Approved Obligation to pay the ~~corresponding amount~~amounts due and payable to the ~~applicable~~ Beneficiaries ~~under the Approved Obligation~~ as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account ~~in respect of an Approved Obligation~~, the ~~amount~~amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved ~~Obligation~~Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[4][10]. For greater certainty, the obligations arising in respect of ~~the~~an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

[4][10] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03 or Section ~~6.03~~ 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

[11] The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequate notices of these event as a Specified Creditor under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied [at the time the Primary Obligation was incurred][12].

[12] Still under consideration. Tied to the discussion around authorized "amendments".

4.02 Adherence Conditions

[There shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Funding Obligation.][13] The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) ~~OPG (~~the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) ~~delivers an officer's certificate~~and addressed to the Indenture Trustee, prior to the earlier of (i) one Business Day prior to the incurrence [or any amendment][14] of the Primary Obligation, and (ii) [one Business Day after] [on] the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), confirming that OPG has delivered to the Province ~~all certifications required by the Province in connection with the incurrence~~a Process Certificate in accordance with Section **[3.01]** of the ~~Primary Obligations; and [**NTD: does this work for derivatives? They are often priced at the same time they are entered into.**]~~Process Agreement; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

[13] Under consideration by the Province. Province is comfortable that immaterial (<1M) obligations need not be subject to these adherence provisions.

[14] Still under consideration. Tied to the discussion around authorized "amendments".

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary ~~for~~to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture~~.~~ in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[~~5~~15]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution, delivery and performance of this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

[~~5~~15] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[616]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

[616] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity in any of the following circumstances:

(a) ~~upon~~following the Province becoming aware of the occurrence of a Program Breach; and

(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[17].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").~~7~~[18]

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

[17] This will be affected by the resolution of the "amendments" point.

~~7~~[18] The suspension right in favour of the Province is intended to allow the Province to cut-off future obligations under this Agreement, but not affect rights that have arisen prior to the suspension notice. The termination notice is a further step that allows the Province to bring this agreement to an end, but that only happens (under section 9.01) after all amounts capable of becoming due under the Limited Guarantee have been paid (i.e., the last obligation incurred prior to the suspension notice has been satisfied), including as a result of an assumption under Art VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their ~~rights~~benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS[8][19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of ~~any~~a Payment Date, the aggregate of the Approved Obligation Amounts for such Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of ~~any Payment Date and~~ an Approved Obligation~~, either~~ under which an amount is due and payable on a Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Payment Date, the amount due and payable to the Beneficiary on such Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in ~~the applicable section in full~~such payment provisions that are due and payable on the Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Payment Date, the~~ aggregate~~ amount that would be ~~payable~~available to be paid to the Beneficiary on such Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that ~~Servicer CEA Collections in respect of each relevant month during each Reference Period from and after May, 2021 are equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period~~the amounts available under such applicable payment provisions of the Trust Indenture would be limited to the Clean Energy Adjustment payable in respect of such month.

[8] ~~Province should not have~~[19] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. ~~Province is given sufficient notice of all amendments by the terms of the various agreements~~All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.][9][20]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act as of the date of this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

[9] ~~Lawyers to discuss how to~~[20] Process Agreement references define Suspension Rights. If dealers and OPG are comfortable with broad suspension rights (subject to the agreement of the Province with OPG under Process Agreement, not to implement suspension rights other than for Program Breach or Breach Event), then may be able to better cleanse this Agreement of ~~all~~operative references to the Process Agreement ~~so that a copy of such agreement need not be provided to the rating agencies~~.

these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" ~~means the~~ has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity , [as amended, supplemented, restated or otherwise modified from time to time].[21]

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, [as amended, supplemented, restated or otherwise modified from time to time].

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Date**" ~~has the meaning ascribed thereto in the Trust Indenture~~means the 15th day of each month.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM] [as amended, supplemented, restated or otherwise modified from time to time].

[21] Still under consideration. Tied to the discussion around authorized "amendments".

["**Process Certificate**" has the meaning ascribed thereto in ~~Section 3.01 of~~ the Process Agreement.]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay ~~Obligations Secured~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement, or (b) this Agreement or any of the agreements under which Approved Obligations ~~Secured~~ arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the

ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay ~~Obligations Secured~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement in respect of Approved Obligations ~~Secured~~ that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in ~~Section~~ subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on Friday, November 17, 2017 10:53:04 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/13
Description	TOR_2528-#23239360-v13-CLPA_-_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/14
Description	TOR_2528-#23239360-v14-CLPA_-_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	165
Deletions	93
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	260

From:	Hanslep, Malle (MOF)
To:	Ken Kandeepan; Mike Manning; Gadi Mayman; Ronald Kwan
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: Change of Law Protection Agreement
Date:	Thursday, November 16, 2017 8:26:56 PM
Attachments:	Change of Law Protection Agreement - Nov 16 (Osler)#2.DOCX Compare Protection Agreement (Nov 14 v Nov 16#2).PDF

These are very preliminary comments only which I sent to the other legal. Torys has advised that they are sending a further "conformed" version but we haven't received it yet so I'm sending this to you.

From: Hanslep, Malle (MOF)
Sent: November-16-17 8:25 PM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Subject: FW: Change of Law Protection Agreement

I reviewed this and I think that in particular we will need to go over the changes to s. 2.01 where the Manager calculates the Aggregate Approved Obligation Amounts as well as those definitions and the difference between the acceleration and no acceleration descriptions. In drafting the wording of the limited guarantee appropriately, an understanding of the proposed amendments to the regulation of the Fair Hydro Plan Act are important as I understand that those cap the potential for balloon payments although they permit some additional payments depending on a number of factors.

We would appreciate if Energy Legal could review this wording in particular to see if it is consistent with the concepts in the proposed regulation as we don't have sufficient familiarity with the regulation and how this would work.. Thank you.

Also the changes seem to set up reliance on the Manager to calculate how much is owing and so this approach should be considered.

Also, changes to 4.02 to focus on Funding Obligations will need to be reviewed and the proposed optional approach to a certificate for amendments, has not been resolved. Hopefully we will receive a further proposal or follow up on that.

I know that we are awaiting a further conformed version of both of the agreements from Torys so not sure what changes they will make.

Malle

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: November-16-17 6:34 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Ramchandani, Rima; VINER, JON; PRESTAGE, JA; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY)
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: Change of Law Protection Agreement

Attached is a comment draft of the Change of Law Protection Agreement prepared by Osler. This comment draft has not been reviewed by the dealers and is subject to any comments the dealers may have.

Peter

OSLER

Peter Milligan

416.862.6634 DIRECT
416.862.6666 FACSIMILE
pmilligan@osler.com

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

osler.com
[osler.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, November 14, 2017 8:30 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Ramchandani, Rima <rramchandani@torys.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; Niehaus, Katrina <Katrina.Niehaus@gs.com>; Delaney, Brian <Brian.Delaney@gs.com>; Conner, Robbin <Robbin.Conner@gs.com>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find attached revised versions of the Protection and Process Agreements. The blacklines show changes to the November 2nd (Province/Blakes) and November 8th (OPG/Dealers/Osler/Torys) circulated versions. In the interest of time, these versions are being circulated at the same time to the Province and so remain subject to comment. Please let us know if you have any comments or concerns. Regards, Steve

Stephen R. Ashbourne
Partner

stephen.ashbourne@blakes.com
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Thursday, November 09, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.

The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.

Regards, Rocco

OSLER

Rocco Sebastiano
Partner

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Hill, Krista <khill@torys.com>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

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[1] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

The FSM and the Province will concurrently enter into the Process Agreement, under which the FSM will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may

from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such

yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the Approved Obligations as provided in this Agreement. From and after the delivery of a Payment Demand, the Province shall make payments in respect of Approved Obligations and receive Subrogation Amounts in accordance with the following procedures (the "**Limited Guarantee**"):

i. One Business Day prior to each Payment Date when any payment or payments are to be made in respect of one or more Approved Obligations, the Manager shall advise the Province in writing of the Aggregate Approved Obligations Amount in respect of such Approved Obligations on such Payment Date.

ii. On each Payment Date the Province shall pay the Aggregate Approved Obligations Amount to the Indenture Trustee and the Indenture Trustee shall deposit such amount to the Protection Account.

iii. On each Payment Date, the Paying Agent shall apply the Aggregate Approved Obligations Amount deposited to the Protection Account to pay in full to the applicable Beneficiaries the Approved Obligation Amount of each Beneficiary payable on such Payment Date; provided that if for any reason the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount available shall be applied in the order of priority in which the applicable Approved Obligations are payable in the section of the Trust Indenture which would otherwise be applicable to the making of such payments.

iv. The Manager shall prepare payment instructions for the Payment Date under each section of the Trust Indenture applicable to the making of the payments under clause 2.01(a)iii allocating the amounts available to be allocated under each such section (which for greater certainty, are amounts other than the Approved Obligations Amounts) on the basis that: (A) for the purpose of determining the amount of the payment to each applicable Person (including the Beneficiaries of Approved Obligations), the payments made under clause 2.01(a)iii are disregarded, and (B) any amounts so determined which are payable to the Beneficiaries that have

been paid under clause 2.01(a)iii are paid instead to the Province (such payments being "**Subrogation Amounts**").

(b) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include the loss represented by the failure to receive the principal and interest itself.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[3] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period,

[3] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Protection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation as provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[4]. For greater certainty, the obligations arising in respect of the Approved Obligation shall not be reduced by such payment as the Province shall become entitled to related Subrogation Amounts and the rights contemplated Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

[4] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred.

4.02 Adherence Conditions

There shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Funding Obligation. The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) OPG (acting in its capacity as FSM) delivers an officers certificate addressed to the Indenture Trustee, prior to the earlier of (i) one Business Day prior to the incurrence of the Primary Obligation, and (ii) one Business Day after the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), confirming that the FSM has delivered to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement; and [**NTD: does this work for derivatives? They are often priced at the same time they are entered into.**]

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust

Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[5]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution, delivery and performance of this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

[5] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[6]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by

[6] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity:

(a) upon the Province becoming aware of the occurrence of a Program Breach; and

(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred on or after the time such Suspension Notice is delivered.

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").[7]

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

[7] The suspension right in favour of the Province is intended to allow the Province to cut-off future obligations under this Agreement, but not affect rights that have arisen prior to the suspension notice. The termination notice is a further step that allows the Province to bring this agreement to an end, but that only happens (under section 9.01) after all amounts capable of becoming due under the Limited Guarantee have been paid (i.e., the last obligation incurred prior to the suspension notice has been satisfied), including as a result of an assumption under Art VI.

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their rights hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:

By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of any Payment Date, the aggregate of the Approved Obligation Amounts for such Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, in respect of any Payment Date and an Approved Obligation, either:

(a) if no Acceleration has occurred in respect of any Obligation Secured, the amount payable on such Payment Date in respect of the Approved Obligation determined on the assumption that there are adequate amounts available under the applicable provisions of the Trust Indenture to pay all amounts referred to in the applicable section in full; and

(b) if an Acceleration has occurred in respect of any Obligations Secured, the aggregate amount that would be payable on such Payment Date in respect of the Approved Obligation under the applicable provisions of the Trust Indenture determined on the assumption that Servicer CEA Collections in respect of each relevant month during each Reference Period from and after May, 2021 are equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.][8]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

[8] Consider this longer version to avoid hard-coding Process Agreement into this Agreement.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" means the has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM] as amended, supplemented, restated or otherwise modified from time to time.

["**Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured that has the effect of the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Subrogation Amounts**" has the meaning ascribed thereto in Section 2.01(a)iv.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

[1] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

The FSM and the Province will concurrently enter into the Process Agreement, under which the FSM will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same

may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised ~~through the Indenture Trustee~~ under, in accordance with and subject to the limitations set forth in the Trust Indenture. ~~No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.~~

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days

comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay ~~the amount of~~ the Approved Obligations ~~that would have been payable from Available Collections had the Protection Event not occurred[3] from time to time by the Financing Entity~~* ~~to the Indenture Trustee~~ *~~as and when they become due and payable, without Acceleration. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation, without Acceleration, in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.~~as provided in this Agreement. From and after the delivery of a Payment Demand, the Province shall make payments in respect of Approved Obligations and receive Subrogation Amounts in accordance with the following procedures (the "**Limited Guarantee**"):

i. One Business Day prior to each Payment Date when any payment or payments are to be made in respect of one or more Approved Obligations, the Manager shall advise the Province in writing of the Aggregate Approved Obligations Amount in respect of such Approved Obligations on such Payment Date.

ii. On each Payment Date the Province shall pay the Aggregate Approved Obligations Amount* to the Indenture Trustee *and the Indenture Trustee shall deposit such amount to the Protection Account.

iii. On each Payment Date, the Paying Agent shall apply the Aggregate Approved Obligations Amount deposited to the Protection Account to pay in full to the applicable Beneficiaries the Approved Obligation Amount of each Beneficiary payable on such Payment Date; provided that if for any reason the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such

[3] ~~The amount "owing" under an obligation (i.e., balloon) will different from the amount available to be paid in respect of such owed amount (based on Available Collections). The Province is not obligated to pay more than the obligations that would have been paid from CEAs had they been collected.~~

Approved Obligation Amounts in full, the amount available shall be applied in the order of priority in which the applicable Approved Obligations are payable in the section of the Trust Indenture which would otherwise be applicable to the making of such payments.

iv. The Manager shall prepare payment instructions for the Payment Date under each section of the Trust Indenture applicable to the making of the payments under clause 2.01(a)iii allocating the amounts available to be allocated under each such section (which for greater certainty, are amounts other than the Approved Obligations Amounts) on the basis that: (A) for the purpose of determining the amount of the payment to each applicable Person (including the Beneficiaries of Approved Obligations), the payments made under clause 2.01(a)iii are disregarded, and (B) any amounts so determined which are payable to the Beneficiaries that have been paid under clause 2.01(a)iii are paid instead to the Province (such payments being "**Subrogation Amounts**").

(b) ~~Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts that would have been payable from Available Collections had the Protection Event not occurred by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation, in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation, in each case by the Province depositing or causing the deposit of the applicable payment amount into the Protection Account[4] on or before the day on which the applicable Approved Obligation becomes due and payable in accordance with its terms (the "**Limited Guarantee**").~~ For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

[4] ~~Province needs to see how the Trust Indenture will be modified to address addition of Protection Account (i.e., payment mechanics; Protection Account to be part of the Collateral; mechanics of how funds move to Collection Account; absence of equitable claims; etc.). Province will need to know that all amounts will be applied for their intended purposes without undermining Province's step-in and subrogation rights.~~

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include the loss represented by the failure to receive the principal and interest itself.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[53] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Protection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation as provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account in respect of an Approved

[53] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[64]. For greater certainty, the obligations arising in respect of the Approved Obligation shall not be reduced by such payment as the Province shall become entitled to related Subrogation Amounts and the rights contemplated ~~under~~ Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing

[64] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine~~,provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained~~.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the

Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred.

4.02 Adherence Conditions

~~The following~~There shall be ~~the~~no Adherence Conditions applicable in relation to a Primary Obligation that is not a Funding Obligation. The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) ~~the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG~~ OPG (acting in its capacity as FSM) ~~and~~delivers an officers certificate addressed to the Indenture Trustee, prior to the earlier of (i) one Business Day prior to the incurrence ~~or any amendment~~ of the Primary Obligation, and (ii) ~~on~~one Business Day after the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), confirming that the FSM has delivered to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement; and **[NTD: does this work for derivatives? They are often priced at the same time they are entered into.]**

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement. [7]

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive ~~distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture~~the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the

[7] ~~Province wants this mechanic embedded in the adherence conditions so it is explicitly understood and mechanically contemplated as the way the Province be sure future Limited Guarantees are cut off opposite the indenture trustee.~~

Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) ~~(a)~~ The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[85]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

[85] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

(b) the execution, delivery and performance of this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[96]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: ~~Need to move Article VI of the Change of Law Process Agreement into this Article VI and amend accordingly.~~[10] ~~Also, we will need to attach the form of Assumption Agreement as an Exhibit to this Agreement that will be used for the assignment and assumption of all Obligations Secured. Contrary to the statement in Section 6.02(f) of the Change of Law Protection Agreement, there will not be a separate form of Assumption Agreement for each Obligation Secured.~~[11] the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

[96] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

[10] ~~The idea was to not burden the external agreement with the necessary steps for the Province to be in a position to step in. If the preference is to include more in this external agreement, the Province will not object subject to further consideration of drafting issues.~~

[11] ~~It has been assumed that there may be variations depending on the nature of the underlying obligations. A root form of Assumption Agreement, modified to conform substantially to that form in connection with a particular obligation, was the idea. To be further discussed.~~

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity:

(a) upon the Province becoming aware of the occurrence of a Program Breach; and

(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred on or after the time such Suspension Notice is delivered.

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").[~~12~~7]

[~~12~~7] The suspension right in favour of the Province is intended to allow the Province to cut-off future obligations under this Agreement, but not affect rights that have arisen prior to the suspension notice. The termination notice is a further step that allows the Province to bring this agreement to an end, but that only happens (under section 9.01) after all amounts capable of becoming due under the Limited Guarantee have been paid (i.e., the last obligation incurred prior to the suspension notice has been satisfied), including as a result of an assumption under Art VI.

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]

Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries ~~are not parties to this Agreement and accordingly any benefits derived~~derive their rights hereunder ~~shall arise exclusively~~ through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:

By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of any Payment Date, the aggregate of the Approved Obligation Amounts for such Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, in respect of any Payment Date and an Approved Obligation, either:

(a) if no Acceleration has occurred in respect of any Obligation Secured, the amount payable on such Payment Date in respect of the Approved Obligation determined on the assumption that there are adequate amounts available under the applicable provisions of the Trust Indenture to pay all amounts referred to in the applicable section in full; and

(b) if an Acceleration has occurred in respect of any Obligations Secured, the aggregate amount that would be payable on such Payment Date in respect of the Approved Obligation under the applicable provisions of the Trust Indenture determined on the assumption that Servicer CEA Collections in respect of each relevant month during each Reference Period from and after May, 2021 are equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.][~~13~~8]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

[~~13~~8] Consider this longer version to avoid hard-coding Process Agreement into this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" means the has the meaning ascribed thereto in Section 2.01(~~b~~a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as ~~may be amended prior to the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~amended, supplemented, restated or otherwise modified from time to time.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

~~"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) ~~any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; (ii)~~ any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (~~iii~~ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; ~~(iv) any amount payable under a Derivative Agreement in respect of a "termination payment" where the Financing Entity's counterparty under the Derivative Agreement is a "defaulting party" or the sole "affected party" (as such terms are given meaning under the Derivative Agreement); and~~ (~~v~~and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM] as amended, supplemented, restated or otherwise modified from time to time.

["**Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction ~~(i)~~ determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured~~, and (ii) issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in~~ that has the effect of the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

~~"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Subrogation Amounts**" has the meaning ascribed thereto in Section 2.01(a)iv.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

From:	Hanslep, Malle (MOF)
To:	Mike Manning; Gadi Mayman; Ken Kandeepan; Anna Strathy; Veinot, Cindy (TBS); Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); Hresa Gavaris; John Psinas; Steen Hume (CAB); Daniel Cayley (ENERGY)
Cc:	ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)
Subject:	FW: Change of Law Protection Agreement and Change of Law Process Agreement
Date:	Wednesday, November 15, 2017 9:27:00 AM
Attachments:	23239360-vpdf-CLPA - Protection Agreement.pdf 23239360-vpdf-CLPA - Protection Agreement.pdf 23239361-vpdf-CLPA - Process Agreement.PDF 23239361-v10-CLPA - Process Agreement.DOCX 23239361-vpdf-CLPA - Process Agreement.PDF 23239360-v12-CLPA - Protection Agreement.DOCX

Hi all,

These revisions were sent out by Steve last evening. Please review to ensure all the comments at the meeting yesterday were captured. Also, please review s. 4.01 in particular as based on discussions with Steve last evening the language was modified a bit to change it so the Province may disagree with the amount for the protection agreement maximum proposed by OPG on reasons related to the inconsistencies or inaccuracies as opposed to agreeing as opposed to confirming agreement. Please let us know if you have comments on this. Thanks.

Malle

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 14, 2017 8:30 PM
To: Sebastiano, Rocco; Ramchandani, Rima; VINER, JON; PRESTAGE, JA; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY)
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find attached revised versions of the Protection and Process Agreements. The blacklines show changes to the November 2nd (Province/Blakes) and November 8th (OPG/Dealers/Osler/Torys) circulated versions. In the interest of time, these versions are being circulated at the same time to the Province and so remain subject to comment. Please let us know if you have any comments or concerns. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Thursday, November 09, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin

Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.

The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.

Regards, Rocco

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Hill, Krista <khill@torys.com>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

~~[FINANCING ENTITY TRUSTEE] IN ITS CAPACITY AS TRUSTEE OF THE [FINANCING ENTITY]~~COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

~~[NAME OF INDENTURE TRUSTEE]~~BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), ~~**[FINANCING ENTITY TRUSTEE]**, as the Financing Entity Trustee and~~Computershare Trust Company of Canada, in its capacity as trustee ~~of the **[FINANCING ENTITY]**, a trust settled by the FSM~~(the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and ~~**[INDENTURE TRUSTEE]**~~BNY Trust Company of Canada, a trust company existing under the laws of Canada, as ~~Indenture Trustee and in its capacity as trustee for the in accordance with the Trust~~ Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the ~~FSM established the~~ Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity ~~in its capacity as Financing Entity Trustee~~, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the

[1] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

~~OPG~~The FSM and the Province will concurrently enter into the Process Agreement, under which ~~OPG~~the FSM will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity ~~Trustee~~, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected

and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture. No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other ~~agreement~~Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province ~~upon~~to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity ~~Trustee~~

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the

Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the ~~Financing Entity~~Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the amount of the Approved Obligations ~~owing~~that would have been payable from Available Collections had the Protection Event not occurred[3] from time to time by the Financing Entity to the Indenture Trustee as and when they become due and payable, without Acceleration[1]. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation, ~~(~~without Acceleration~~)~~, in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts ~~owing~~that would have been payable from Available Collections had the Protection Event not occurred by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[2], in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined

[3] The amount "owing" under an obligation (i.e., balloon) will different from the amount available to be paid in respect of such owed amount (based on Available Collections). The Province is not obligated to pay more than the obligations that would have been paid from CEAs had they been collected.

~~[1] Consider mechanics for notifying the Province regarding the specific amounts payable and their due dates. Consider attaching a detailed schedule of payments under the Payment Demand and the respective due date of each payment.~~

~~[2] Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations", which in turn relies on the definition of Primary Obligations. The connection between a Primary Obligations and an "investment interest" is therefore crucial. Blakes is considering how to more precisely connect these concepts.~~

payment date, as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation, in each case by the Province depositing or causing the deposit of the applicable payment amount into the ~~Collection Account~~ Protection Account[4] on or before the day on which the applicable Approved Obligation becomes due and payable in accordance with its terms (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation~~, including (i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event, and (ii) amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account or a Supplemental Reserve Account~~.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

2.02 ~~Gross-up~~Intentionally Deleted.

~~[All amounts payable by the Province under this Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Province is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Province shall deposit into the Collection Account such additional amount as is necessary to ensure that the Indenture Trustee receives (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise due and payable in respect of the related Approved Obligation, net of any such taxes, charges, fees, levies, duties or withholdings.]~~[3]

[4] Province needs to see how the Trust Indenture will be modified to address addition of Protection Account (i.e., payment mechanics; Protection Account to be part of the Collateral; mechanics of how funds move to Collection Account; absence of equitable claims; etc.). Province will need to know that all amounts will be applied for their intended purposes without undermining Province's step-in and subrogation rights.

[3] ~~Under consideration.~~

2.03 Absence of Set-off

~~The~~Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into ~~Collection~~Protection Account[5] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the ~~Collection~~Protection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation.[4] Upon a payment having been made by or on behalf of the Province into the ~~Collection~~Protection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable ~~under~~to such Beneficiaries in respect of the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved

[5] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

[4] ~~This will need to operate in tandem with the Trust Indenture waterfall. The idea is that the Approved Obligations may not necessarily follow the sequence of the "payment waterfall" included in the Trust Indenture, and so amounts from the Province would need to operate independently.~~

Obligation to the extent so paid[5]6. For greater certainty, the obligations arising in respect of the Approved Obligation shall not be reduced by such payment as the Province shall become entitled to the rights contemplated under Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment,

[5] ~~Consider how Beneficiary rights under Obligations Secured will be amended under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a~~[6] A corresponding provision ~~should appear in~~needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, ~~to the effect~~so that the Beneficiaries ~~will be deemed to be~~are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03~~]~~.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine,

provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if ~~(a)~~ the Adherence Conditions applicable thereto have been satisfied~~; or (b) the Province has specifically approved in writing the particular terms, conditions and documentation for the Primary Obligation~~.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

~~(b) at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments[6] under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not exceed the Protection Agreement Maximum;~~

~~(c) the FSM delivers a notice to the Indenture Trustee, with a copy to the Province, one Business Day prior to the incurrence or any amendment of the Primary Obligation, setting out the Protection Agreement Maximum;~~

(b) ~~(d)~~ the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the ~~Province and the~~ Indenture Trustee, ~~one Business Day~~ prior to the earlier of (i) one Business Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), ~~setting out the following with respect to the Primary Obligation:~~confirming that the FSM

[6] ~~Use of the concept of "repayments" under the OFHPA for this purpose is under consideration.~~

has delivered to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement; and

~~i. confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation (if any), together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not and will not exceed the Protection Agreement Maximum; and~~

~~ii. confirmation that the FSM has delivered to the Province a certificate in accordance with the Process Agreement confirming, among other things, that the transaction documents in respect of the Primary Obligation are in substantially the form of the documentation reviewed by the Province; and~~

(c) ~~(c)~~ the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.[7]

4.03 Evidence of Satisfaction

A closing certificate ~~signed by at least two executive officers of OPG~~delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be ~~defect~~defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
~~RIGHTS OF THE~~ PROVINCE MATTERS

5.01 Assignment and Subrogation

~~Upon paying an amount in respect of an Approved Obligation:~~

~~(a) to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or~~

~~(b) as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI,~~

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the

[7] Province wants this mechanic embedded in the adherence conditions so it is explicitly understood and mechanically contemplated as the way the Province be sure future Limited Guarantees are cut-off opposite the indenture trustee.

Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a ~~secured party~~Specified Creditor under the Trust Indenture~~)~~ on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including~~, if applicable, as a Noteholder~~ as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(a) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

~~5.03 Voting Rights under "Outstanding Notes"~~

~~Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[7]:~~

~~(a) Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and~~

~~(b) in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.~~

5.03 ~~5.04~~ Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[8]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution, delivery and performance of this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

[7] ~~This concept needs to be reflected in the Trust Indenture.~~

[8] ~~General Regulation to be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE~~ Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[9]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee~~.~~ but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: Need to move Article VI of the Change of Law Process Agreement into this Article VI and amend accordingly.[10] Also, we will need to attach the form of Assumption Agreement as an Exhibit to this Agreement that will be used for the assignment and assumption of all Obligations Secured. Contrary to the statement in Section 6.02(f) of the Change of Law Protection Agreement, there will not be a separate form of Assumption Agreement for each Obligation Secured.[11]]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

---

[9] Further details regarding obtaining of third party consents and rating agency approvals to be ~~considered~~provided by OPG.

[10] The idea was to not burden the external agreement with the necessary steps for the Province to be in a position to step-in. If the preference is to include more in this external agreement, the Province will not object subject to further consideration of drafting issues.

[11] It has been assumed that there may be variations depending on the nature of the underlying obligations. A root form of Assumption Agreement, modified to conform substantially to that form in connection with a particular obligation, was the idea. To be further discussed.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize

the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

~~7.04~~ ~~**Release of all Collateral**~~

~~(a) The Indenture Trustee shall not execute instruments to release Collateral from the Security Interest of the Trust Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, unless and until the rights and interests of the Province under Section 5.01 or otherwise as an assignee of any of the Obligations Secured or as a subrogee have been satisfied in full and the Province has no continuing obligations under this Agreement.~~

~~(b) The Province shall be entitled to receive at least 10 Business Days' written notice when the Indenture Trustee proposes to take any action pursuant to Subsection 7.04(a), accompanied by copies of any instruments involved.~~

~~7.05~~ ~~**Right to Notice and Attend Meetings**~~

~~The Financing Entity shall ensure that the Province receives advance notice of any meeting or proposed written resolution of Specified Creditors (or any of them) and the Province and its legal advisers shall be permitted to attend and be represented at any meeting of such Specified Creditors.~~

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 ~~**Suspension Notice**~~**Suspension Notice**

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity:

(a) ~~shall be provided by the FSM or the Province to the Indenture Trustee promptly following~~upon the Province becoming aware of the occurrence of a Program Breach; and

(b) ~~may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity~~ following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the ~~Financing Entity~~Limited Guarantee shall not ~~incur~~apply in respect of any ~~new or additional Obligation Secured and shall not amend or terminate any existing Obligation Secured except with the prior written consent of the Province~~Obligation Secured incurred on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred on or after the time such Suspension Notice is delivered.

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").[12]

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

[12] The suspension right in favour of the Province is intended to allow the Province to cut-off future obligations under this Agreement, but not affect rights that have arisen prior to the suspension notice. The termination notice is a further step that allows the Province to bring this agreement to an end, but that only happens (under section 9.01) after all amounts capable of becoming due under the Limited Guarantee have been paid (i.e., the last obligation incurred prior to the suspension notice has been satisfied), including as a result of an assumption under Art VI.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

~~[Financing Entity]~~

~~c/o Ontario Power Generation Inc.~~

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

~~[Financing Entity Trustee]~~Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for ~~[Financing Entity]~~
~~[Address]~~Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 ~~Force Majeure~~Intentionally Deleted

~~In no event shall the Indenture Trustee or the Financing Entity Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Financing Entity Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.~~

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries are not parties to this Agreement and accordingly any benefits derived hereunder shall arise exclusively through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 ~~9.08~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:
By: _____
Name:
Title:

~~**[FINANCING ENTITY TRUSTEE], IN ITS CAPACITY AS FINANCING ENTITY**~~**COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE** ~~**FOR [FINANCING ENTITY]**~~**OF FAIR HYDRO TRUST**

By: _____
Name:
Title:

~~**[INDENTURE TRUSTEE]**~~**BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL**

CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[10] in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

~~["**Administrative Agent**" means OPG, in its capacity as administrative agent of the Financing Entity under the Administrative Services Agreement.]~~

~~["**Administrative Services Agreement**" means the administrative services agreement dated [■], 2017 between the Financing Entity and the Administrative Agent concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Financing Entity.]~~[11]

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of ~~OPG~~the FSM under the Process Agreement; or (b) any representation or warranty made by ~~OPG~~the FSM, any certification made by ~~OPG~~the FSM under the Process Agreement, or any certification made by ~~OPG~~the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM~~, the Administrative Agent~~ or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as

~~[10] Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.~~
~~[11] Note: To be confirmed if required.~~

the FSM~~, the Administrative Agent~~ or the Manager.][has the meaning ascribed thereto in the Process Agreement.][13]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

~~"**Collection Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

[13] Consider this longer version to avoid hard-coding Process Agreement into this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "~~Investment Interest~~investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

~~[~~"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.~~]~~

~~[~~"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.~~]~~[12]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, ~~and acknowledged and~~

[12] ~~Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.~~

~~accepted by~~as may be amended prior to the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation~~,~~ or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (~~a~~i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; ~~and~~ (~~b~~ii) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (iii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; (iv) any amount payable under a Derivative Agreement in respect of a "termination payment" where the Financing Entity's counterparty under the Derivative Agreement is a "defaulting party" or the sole "affected party" (as such terms are given meaning under the Derivative Agreement); and (v) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and ~~OPG~~[the FSM].

["**Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection ~~Agreement Maximum"~~** ~~means the dollar amount determined by the Province and of which OPG is provided notice in accordance with the Process Agreement.~~**Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts ~~on~~in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction (i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity~~'s receipt of~~ to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, and (ii)

issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on Tuesday, November 14, 2017 7:59:23 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/9
Description	TOR_2528-#23239360-v9-CLPA_-_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/12
Description	TOR_2528-#23239360-v12-CLPA_-_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	164
Deletions	150
Moved from	6
Moved to	6
Style change	0
Format changed	0
Total changes	326

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~, BY ITS MANAGER, ONTARIO POWER GENERATION INC.~~

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), ~~Ontario Power Generation Inc., as the Manager and~~Computershare Trust Company of Canada, in its capacity as ~~Manager~~trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust ~~settled by the FSM~~ under the laws of the Province of Ontario (the "**Financing Entity**")[1], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity~~"), Ontario Power Generation Inc.~~ and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee ~~and in its capacity as trustee for the Beneficiaries in accordance with the Trust Indenture~~, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The ~~FSM, as agent of the~~ Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the

[1] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

The FSM and the Province will concurrently enter into the Process Agreement, under which the FSM will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor~~, except in each case as referenced in the definition of Protection Event~~;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~1.02~~ Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 ~~1.03~~ Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected

and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture. No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.

1.05 ~~1.04~~ Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province ~~upon~~to the extent of the performance by the Province of the Primary Obligation. ~~To the extent of any conflict between this Agreement and the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail.~~

1.06 ~~1.05~~ Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 ~~1.06~~ Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 ~~1.07~~ Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 ~~1.08~~ Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 ~~1.09~~ Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 ~~1.10~~ Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 ~~1.11~~ Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 ~~1.12~~ Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 ~~1.13~~ Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 ~~1.14~~ Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 ~~1.15~~ Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 ~~1.16~~ Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 ~~1.17~~ References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, ~~the FSM as agent for~~ the Financing Entity Trustee ~~(in its capacity~~ as trustee of the Financing Entity~~). [NTD: Discuss whether the Financing Entity Trustee should be a party to this Agreement and references to the Financing Entity Trustee re-inserted into this section and others.]~~.

1.19 ~~1.18~~ Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall,

notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the amount of the Approved Obligations ~~owing~~that would have been payable from Available Collections had the Protection Event not occurred[3] from time to time by the Financing Entity to the Indenture Trustee as and when they become due and payable[1], without Acceleration. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation, without Acceleration, in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts ~~owing~~that would have been payable from Available Collections had the Protection Event not occurred by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[2], in each case as

[3] The amount "owing" under an obligation (i.e., balloon) will different from the amount available to be paid in respect of such owed amount (based on Available Collections). The Province is not obligated to pay more than the obligations that would have been paid from CEAs had they been collected.

[1] ~~Consider mechanics for notifying the Province regarding the specific amounts payable and their due dates. Consider attaching a detailed schedule of payments under the Payment Demand and the respective due date of each payment.~~

[2] ~~Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations", which in turn relies on the definition of Primary Obligations. The connection between a Primary Obligations and an "investment interest" is therefore crucial. Blakes is considering how to more precisely connect these concepts.~~

and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation, in each case by the Province depositing or causing the deposit of the applicable payment amount into the Protection Account ~~5 Business Days prior to the fifteen day of each calendar month~~[4] on or before the day on which the applicable Approved Obligation becomes due and payable in accordance with its terms (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

2.02 ~~Gross-up~~Intentionally Deleted.

~~All amounts payable by the Province under this Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Province is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Province shall deposit into the Protection Account such additional amount as is necessary to ensure that the Indenture Trustee receives (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise due and payable in respect of the related Approved Obligation, net of any such taxes, charges, fees, levies, duties or withholdings.~~

2.03 Absence of Set-off

~~The~~Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as

[4] Province needs to see how the Trust Indenture will be modified to address addition of Protection Account (i.e., payment mechanics; Protection Account to be part of the Collateral; mechanics of how funds move to Collection Account; absence of equitable claims; etc.). Province will need to know that all amounts will be applied for their intended purposes without undermining Province's step-in and subrogation rights.

required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[5] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture ~~as if~~on the basis that it ~~were~~is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Protection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation. Upon a payment having been made by or on behalf of the Province into the Protection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable ~~under~~to such Beneficiaries in respect of the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[3~~6~~]. For greater certainty, the obligations arising in respect of the Approved Obligation shall not be reduced by such payment as the Province shall become

[5] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

[3] ~~Consider how Beneficiary rights under Obligations Secured will be amended under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a~~[6] A corresponding provision ~~should appear in~~needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, ~~to the effect~~so that the Beneficiaries ~~will be deemed to be~~are bound by these applications and the agreement of the Indenture Trustee under this Agreement. ~~Please see our addition in Section 9.08. The Specified Creditors already make the necessary acknowledgement in Article 5 of the Trust Indenture. Isn't this also addressed in section 1.03 above?~~

entitled to the rights contemplated under Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety. ~~**[NTD: Further consideration required as to whether there should be a waiver of any other equitable defences.]**~~

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations ~~and termination of the Trust Indenture~~, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine~~.~~,

provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

~~(b) [NTD: already covered in process certificate in section 3.01 of the Process Agreement]~~

~~(c) [NTD: already covered under Process Agreement.]~~

(b) ~~(d)~~ the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided ~~in OPG's~~by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, ~~one Business Day~~ prior to the earlier of (i) one Business Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), confirming that the FSM has delivered to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement; and

(c) ~~(e) [NTD: This is more properly dealt with in Section 8.02~~the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.~~]~~ [7]

[7] Province wants this mechanic embedded in the adherence conditions so it is explicitly understood and mechanically contemplated as the way the Province be sure future Limited Guarantees are cut-off opposite the indenture trustee.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

~~(a) Upon paying an amount in respect of an Approved Obligation:~~

~~i. to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or~~

~~ii. [as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI,] [NTD: This requires further discussion depending on the terms of the assignment and assumption agreement. If the Obligations Secured are assigned and assumed by the Province under Article VI, how would the Province be subrogated and entitled to the Beneficiary's rights and interests under the Approved Obligation? Consider limiting the application of this section 5.01 to the Limited Guarantee.]~~

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. ~~Subject to Section 5.01(b), the~~The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture~~)~~ on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the

Financing Entity. ~~Subject to Section 5.01(b), the~~The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including~~, if applicable, as a Noteholder~~ as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(a) ~~(b) the~~The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province~~ will be a Specified Creditor hereunder and its entitlements~~, in its capacity as a Specified Creditor~~ are~~, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including~~, without limitation,~~ **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]**~~, (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in **[Article VI and Sections 7.04 and 8.13 of the Trust Indenture]**, (iii) appoints the Indenture Trustee as its agent for any and all such purposes, and (iv~~ and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

~~5.03 Voting Rights under "Outstanding Notes"~~

~~**[Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[4]:**~~

~~[4] This concept needs to be reflected in the Trust Indenture. This requires further discussion (see NTD above).~~

(a) **Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and**

(b) **in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.] [NTD: To be discussed. Giving these voting rights to the Province may affect the marketability of the debt under this program.]**

5.03 5.04 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[5][8] **[NTD: Discussion required as to how these repayments will be dealt with under the MTI, and in particular, under the waterfall provisions.]**

5.04 5.05 Representations and Warranties

The Province hereby represents and warrants that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(a) (b) the execution, delivery and performance by the Province of this Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any applicable law;of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) (c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the

[5] General Regulation to be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE[8] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

~~execution and~~the execution, delivery and performance of this Agreement by the Province ~~and the performance by the Province of its obligations hereunder~~do not result in the violation of any applicable law; and

(c) ~~(d)~~ this Agreement has been duly ~~authorized,~~ executed and delivered ~~on behalf of~~by the Province ~~and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms~~.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[~~6~~9]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead ~~be~~become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: Need to move Article VI of the Change of Law Process Agreement into this Article VI and amend accordingly.[10] Also, we will need to attach the form of Assumption Agreement as an Exhibit to this Agreement that will be used for the assignment and assumption of all Obligations Secured. Contrary to the statement in**

[~~6~~9] Further details regarding obtaining of third party consents and rating agency approvals to be ~~considered~~provided by OPG.

[10] The idea was to not burden the external agreement with the necessary steps for the Province to be in a position to step-in. If the preference is to include more in this external agreement, the Province will not object subject to further consideration of drafting issues.

Section 6.02(f) of the Change of Law Protection Agreement, there will not be a separate form of Assumption Agreement for each Obligation Secured.[11]]

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

[11] It has been assumed that there may be variations depending on the nature of the underlying obligations. A root form of Assumption Agreement, modified to conform substantially to that form in connection with a particular obligation, was the idea. To be further discussed.

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

~~**[Note: Any right to such matters will be the general rights of Specified Creditors as set out in the Trust Indenture.]**~~

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 ~~Suspension Notice~~Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity:

(a) ~~shall be provided by the Province to the Indenture Trustee promptly following~~upon the Province becoming aware of the occurrence of a Program Breach; and

(b) ~~may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity~~ following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), this Change of Law Protection Agreementthe Limited Guarantee shall not apply in respect of any new Primary Obligation followingSecured incurred on or after the date oftime such Suspension Notice. **[NTD: Deletion of "or additional" is address the situation where a then current Primary Obligation requires an additional Primary Obligation in accordance with its terms of the MTI.]** is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred on or after the time such Suspension Notice is delivered.

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**"). Upon the delivery of such Termination Notice, the Province shall assume the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI **[NTD: If the Province terminates the program, it must assume the obligations of the Financing Entity.]**[12]

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with this AgreementArticle VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the [later] of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and the Trust Indenture has been terminated;

(b) **[subject to Section 8.04,] [NTD: Should this clause subject to section 8.04?]** following receipt ofthe date that a Termination Notice from the

[12] The suspension right in favour of the Province is intended to allow the Province to cut-off future obligations under this Agreement, but not affect rights that have arisen prior to the suspension notice. The termination notice is a further step that allows the Province to bring this agreement to an end, but that only happens (under section 9.01) after all amounts capable of becoming due under the Limited Guarantee have been paid (i.e., the last obligation incurred prior to the suspension notice has been satisfied), including as a result of an assumption under Art VI.

~~Province~~delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity~~, the Assumption Effective Date being the date that the Province has assumed the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI; and~~.

~~(c) [subject to Section 8.04,] [NTD: Should this clause subject to section 8.04?] following receipt of an Assumption Notice from the Province by the Indenture Trustee, the Assumption Effective Date being the date that the Province has assumed the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI.~~

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]

Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement~~ and all such Persons who are Beneficiaries derive their rights~~. Beneficiaries are not parties to this Agreement and accordingly any benefits derived hereunder shall arise exclusively through the Indenture Trustee and ~~such rights are~~shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture. ~~**[NTD: Consider merging this section 9.08 with section 1.03.]**~~

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~, BY ITS MANAGER, ONTARIO POWER GENERATION INC.~~

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[7] in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.][13]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

[7] ~~Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.~~

[13] Consider this longer version to avoid hard-coding Process Agreement into this Agreement.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as may be amended prior to the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured ~~that is a Funding Obligation or otherwise constitutes a Finance Amount.~~(a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; (ii) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (iii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; (iv) any amount payable under a Derivative Agreement in respect of a "termination payment" where the Financing Entity's counterparty under the Derivative Agreement is a "defaulting party" or the sole "affected party" (as such terms are given meaning under the Derivative Agreement); and (v) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM].

[**"Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Program Breach**" means ~~[~~an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture~~]~~ or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.~~] [NTD: To be discussed.]~~

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, ~~**[NTD: Further discussion required as to whether the Province controls the OEB for purposes of a Protection Event.]**~~

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction (i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, ~~or~~and (ii) issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on Tuesday, November 14, 2017 8:00:39 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/10
Description	TOR_2528-#23239360-v10-CLPA_-_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/12
Description	TOR_2528-#23239360-v12-CLPA_-_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	155
Deletions	161
Moved from	8
Moved to	8
Style change	0
Format changed	0
Total changes	332

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.[, AS FINANCIAL SERVICES MANAGER[1]]

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

[1] OPG to consider if this agreement should form part of the overall covenant pattern (Program Agreement). We assume not. If OPG signs as FSM, consider the potential impact on the Trust, if the FSM is considered to be contracting on behalf of the Trust as principal. The intention was to keep these terms 'behind the scenes' and as between OPG and the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**")[, as Financial Services Manager for the Financing Entity in accordance with the Act,] is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[1]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, the [FSM] provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to [the FSM] that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations [the FSM] has agreed to perform and assurances [the FSM] has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of [the FSM], and of the Province in accordance with the Act, have been done.

[1] ~~Note: This draft only addresses the first Financing Entity. If additional financing entities are established, revisions to this Agreement may be made at that time, in context. Any additional financing entities contemplated should be as contemplated in the Financing Plan.~~

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor~~, except in each case as referenced in the definition of Protection Event~~;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to ~~the FSM, as agent of~~ the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 ~~1.01~~ Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.11 ~~1.10~~ Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.12 ~~1.11~~ Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF [THE FSM]

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, [the FSM] shall deliver to the Province a copy of the initial Financing Plan. Thereafter, [the FSM] shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, [the FSM] shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, [the FSM] shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) Promptly upon request, [the FSM] shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) [The FSM] shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;

(B) consent to the resignation of the Manager under the Management Agreement; or

(C) ~~(B)~~ permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) [The FSM ~~shall use commercially reasonable efforts~~] shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto; ~~and~~

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iii) ~~(ii) to,~~ after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify the FSM ~~or the Financing Entity~~, the latter shall prevail. [For clarity, OPG's obligations under this Agreement are solely in its capacity as the FSM.]

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

[The FSM] shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of ~~the FSM~~OPG (or their respective designees, provided that such designees are also executive officers of ~~the FSM~~OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation, and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Primary Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Primary Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination and the Province provided its written consent to such use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made and for which the Province had previously provided its written consent;

(e) ~~(d)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) ~~(e)~~ confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments ~~shall not include any payments or outstanding amounts due or becoming dues in the future in respect of any Primary Obligations arising under or in connection with a Derivative Agreement~~under Obligations Secured owing in currencies other than Canadian dollars and in respect of which a Derivative Agreement has been entered into to hedge related currency exposures shall be valued for this purpose on the basis of the hedged value expressed in Canadian dollars for so long as such Derivative Agreement is in good standing.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the "process certificate" referred to in Subsection 4.02(~~d~~b) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to [the FSM]; ~~and~~or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to [the FSM].

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation ~~that would be adverse to the Issuer~~, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up,

liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 or Article VI of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with Article VI of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) [Not less than [■]15 Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which shall be based onmay not exceed the Initial Forecast.

(b) Not more than [■]10 Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province shall confirm its agreement with the initial Protection Agreement Maximum or if the Province does not agree with the determination of the initial Protection Agreement Maximum, which disagreement may only be on the basis that the Initial Forecast does not accord with the Financing Plan and not on any other basis, the Province andmay disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG willshall discuss andany discrepancies with the

Province, address any inaccuracies ~~in the Financing Plan~~ and inconsistencies to the reasonable satisfaction of ~~both parties~~the Province, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.~~]~~

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently with the consent of the Province if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum ~~based on~~, which may not exceed such Forecast.

(d) Not more than ~~[■]~~10 Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province ~~shall confirm its agreement with the revised Protection Agreement Maximum or if the Province does not agree with the determination of the revised Protection Agreement Maximum, which disagreement may only be on the basis that the further Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will~~may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss ~~and~~any discrepancies with the Province, address any inaccuracies ~~in the Financing Plan~~ and inconsistencies to the reasonable satisfaction of ~~both parties~~the Province, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars and in respect of which a Derivative Agreement has been entered into to hedge related currency exposures shall be valued for the purposes of this Section 4.01 on the basis of the hedged value expressed in Canadian dollars for so long as such Derivative Agreement is in good standing.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of [the FSM]

[The FSM] represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, ~~shall use commercially reasonable efforts to~~may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has been validly appointed, and has irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) ~~(c)~~ The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation~~ of the Financing Entity enforceable against the Financing Entity~~ in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) ~~(d)~~ There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) ~~(e)~~ The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

~~(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;~~

(a) ~~(b)~~ the execution, delivery and performance ~~by the Province~~ of this Agreement ~~does not and will not result in a violation of any applicable law;~~by the Province have been authorized by all necessary action on the part of the Province;

(b) ~~(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and~~the execution, delivery and performance of this Agreement by the Province ~~and the performance by the Province of its obligations hereunder~~do not result in the violation of any applicable law; and

(c) ~~(d)~~ this Agreement has been duly ~~authorized,~~ executed and delivered ~~on behalf of~~by the Province ~~and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms~~.

ARTICLE VI
ELECTION[2] TO ASSUME APPROVED OBLIGATIONS~~[2]~~

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to [the FSM] a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to [the FSM] (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to [the FSM], [the FSM] shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

[2] OPG's proposal to move Art VI to the Protection Agreement is not consistent with the original basis for the Process Agreement - to keep the details and plumbing out of the "external" document. If we move toward putting all of this into the Protection Agreement, it will raise additional drafting issues (e.g., we will have to have a parallel "Breach Event" concept in the Protection Agreement that will deal with these sorts of undertakings and allow for a suspension of the Limited Guarantee). OPG to advise if that approach is preferred.

~~[2] Note to Province/Blakes: Article 6 to be moved and merged with Article 6 of the Change of Law Protection Agreement with appropriate revisions. It is more appropriate in that agreement. See also the comments in Article 6 of the Change of Law Protection Agreement.~~

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) the form of Assumption Agreement in respect of the assignment and assumption of all Obligations Secured ~~is~~ attached as Exhibit E to the Change of Law Protection Agreement.[3]

6.03 Settlement of Terms

Within ~~20~~30 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

6.04 Cooperation to Implement the Assignment and Assumption

[The FSM] shall cooperate with the Province and will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.[4]

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, [the FSM ~~will use commercially reasonable efforts to~~] shall cause the Financing Entity ~~to, use commercially reasonably efforts~~ to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts~~; provided that, this Section 6.05 shall not apply to any Obligations Secured~~, other than to the extent of payment obligations

[3] ~~Note to Province: A~~Torys to provide a draft of the proposed form of global Assumption Agreement for all Obligations Secured ~~is required. It is impractical to have an~~. The Province may be guided by OPG on this, but we note that it seems simplistic to think that the same assumption agreement ~~for each type of Obligation Secured~~will work for swaps, debt and service obligations.

[4] ~~Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.~~

arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[~~5~~4]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of [the FSM] under this Agreement, which continues for ~~sixty~~thirty (~~60~~30) days after written notice by the Province to [the FSM] of such default or breach;

(b) any representation or warranty made by [the FSM] in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section ~~4.03~~4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within ~~sixty~~thirty (~~60~~30) days after written notice by the Province to [the FSM] of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager. ~~**[NTD: The FSM is a statutory role and OPG can only be removed as FSM by the Province.]**~~

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to [the FSM], and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, [the FSM] and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

[~~5~~] ~~Note:~~ [4]The Trust Indenture will need to ~~include a clause providing that~~permit the obligations of the Financing Entity to the Indenture Trustee and the Noteholders ~~may~~to be assigned to and assumed by the Province in accordance with an assumption agreement, substantially in ~~the~~a form of agreement to be set out in an exhibit to the Trust Indenture. ~~**[NTD: The form of Assumption Agreement shall**~~The Province agrees that the same form of the assumption agreement should also be an exhibit to the Change of Law Protection Agreement ~~**(consistent with our comment to move Article 6 here to the Change of Law Protection Agreement). We**~~, The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to ~~**otherwise**~~ address ~~**your comment**~~this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured ~~**pursuant to Sections 5.01(f) and 5.03(b) of the MTI, and (ii) we will add language in section 11.01 of the MTI that allows**~~on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.~~**]**

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

~~8.06 Intentionally Deleted~~[6]

8.06 ~~8.07~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

[6] ~~To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province.~~ **~~[NTD: The existence and details of this Agreement and the Change of Law Protection Agreement cannot be confidential. It will need to be disclosed to the Rating Agencies and to potential investors.]~~**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC., ~~SOLELY~~ [AS FINANCIAL SERVICES MANAGER TO THE FINANCING ENTITY]

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~, BY ITS MANAGER, ONTARIO POWER GENERATION INC.~~

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount [referenced as the Program Agreement Maximum in accordance with Article IV].

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

Document comparison by Workshare Compare on Tuesday, November 14, 2017 8:22:37 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/8
Description	TOR_2528-#23239361-v8-CLPA_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/10
Description	TOR_2528-#23239361-v10-CLPA_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	173
Deletions	108
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	291

Draft: November 14, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.[, AS FINANCIAL SERVICES MANAGER[1]]

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

[1] OPG to consider if this agreement should form part of the overall covenant pattern (Program Agreement). We assume not. If OPG signs as FSM, consider the potential impact on the Trust, if the FSM is considered to be contracting on behalf of the Trust as principal. The intention was to keep these terms 'behind the scenes' and as between OPG and the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**")[, as Financial Services Manager for the Financing Entity in accordance with the Act,] is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, the [FSM] provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to [the FSM] that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations [the FSM] has agreed to perform and assurances [the FSM] has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of [the FSM], and of the Province in accordance with the Act, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.11 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.12 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF [THE FSM]

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, [the FSM] shall deliver to the Province a copy of the initial Financing Plan. Thereafter, [the FSM] shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, [the FSM] shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, [the FSM] shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) Promptly upon request, [the FSM] shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) [The FSM] shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;

(B) consent to the resignation of the Manager under the Management Agreement; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) [The FSM] shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iii) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify the FSM, the latter shall prevail. [For clarity, OPG's obligations under this Agreement are solely in its capacity as the FSM.]

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

[The FSM] shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation, and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Primary Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Primary Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination and the Province provided its written consent to such use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made and for which the Province had previously provided its written consent;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars and in respect of which a Derivative Agreement has been entered into to hedge related currency exposures shall be valued for this purpose on the basis of the hedged value expressed in Canadian dollars for so long as such Derivative Agreement is in good standing.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the "process certificate" referred to in Subsection 4.02(b) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to [the FSM]; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to [the FSM].

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 or Article VI of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a

result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with Article VI of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's

expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently with the consent of the Province if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars and in respect of which a Derivative Agreement has been entered into to hedge related currency exposures shall be valued for the purposes of this Section 4.01 on the basis of the hedged value expressed in Canadian dollars for so long as such Derivative Agreement is in good standing.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of [the FSM]

[The FSM] represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its

obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has been validly appointed, and has irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution, delivery and performance of this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
ELECTION[2] TO ASSUME APPROVED OBLIGATIONS

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to [the FSM] a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to [the FSM] (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to [the FSM], [the FSM] shall provide the following information and documentation to the Province:

[2] OPG's proposal to move Art VI to the Protection Agreement is not consistent with the original basis for the Process Agreement - to keep the details and plumbing out of the "external" document. If we move toward putting all of this into the Protection Agreement, it will raise additional drafting issues (e.g., we will have to have a parallel "Breach Event" concept in the Protection Agreement that will deal with these sorts of undertakings and allow for a suspension of the Limited Guarantee). OPG to advise if that approach is preferred.

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) the form of Assumption Agreement in respect of the assignment and assumption of all Obligations Secured attached as Exhibit E to the Change of Law Protection Agreement.[3]

6.03 Settlement of Terms

Within 30 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

[3] Torys to provide a draft of the proposed form of global Assumption Agreement for all Obligations Secured. The Province may be guided by OPG on this, but we note that it seems simplistic to think that the same assumption agreement will work for swaps, debt and service obligations.

6.04 Cooperation to Implement the Assignment and Assumption

[The FSM] shall cooperate with the Province and will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, [the FSM] shall cause the Financing Entity to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[4]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of [the FSM] under this Agreement, which continues for thirty (30) days after written notice by the Province to [the FSM] of such default or breach;

(b) any representation or warranty made by [the FSM] in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured

[4]The Trust Indenture will need to permit the obligations of the Financing Entity to the Indenture Trustee and the Noteholders to be assigned to and assumed by the Province in accordance with an assumption agreement, substantially in a form of agreement to be set out in an exhibit to the Trust Indenture. The Province agrees that the same form of the assumption agreement should also be an exhibit to the Change of Law Protection Agreement. The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

within thirty (30) days after written notice by the Province to [the FSM] of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to [the FSM], and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, [the FSM] and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC., [AS FINANCIAL SERVICES MANAGER TO THE FINANCING ENTITY]

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount [referenced as the Program Agreement Maximum in accordance with Article IV].

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.[, AS FINANCIAL SERVICES MANAGER[1]]

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

[1] OPG to consider if this agreement should form part of the overall covenant pattern (Program Agreement). We assume not. If OPG signs as FSM, consider the potential impact on the Trust, if the FSM is considered to be contracting on behalf of the Trust as principal. The intention was to keep these terms 'behind the scenes' and as between OPG and the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**")~~,~~[, as Financial Services Manager for the Financing Entity in accordance with the Act,] is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, ~~the FSM established~~ the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[1]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, ~~OPG~~the [FSM] provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to ~~OPG~~[the FSM] that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations ~~OPG~~[the FSM] has agreed to perform and assurances ~~OPG~~[the FSM] has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of ~~OPG~~[the FSM], and of the Province in accordance with the Act, have been done.

[1] ~~Note: This draft only addresses the first Financing Entity. If additional financing entities are established, revisions to this Agreement may be made at that time, in context. Any additional financing entities contemplated should be as contemplated in the Financing Plan.~~

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the ~~Financing Entity or the~~ Financing Entity ~~Trustee~~

For greater certainty, each reference to the Financing Entity ~~or to the Financing Entity Trustee~~ shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 ~~1.01~~ Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.11 ~~1.10~~ Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.12 ~~1.11~~ Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF ~~OPG~~[THE FSM]

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, ~~OPG~~[the FSM] shall deliver to the Province a copy of the initial Financing Plan. Thereafter, ~~OPG~~[the FSM] shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

~~(b) Unless the Financing Entity is subject to the PILs Regime, not less than 15 Business Days prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province an analysis and assessment of the tax position of the Financing Entity. In addition, OPG shall promptly deliver written notice to the Province of any change in the Financing Entity's eligibility status under the PILs Regime and an analysis and assessment of any material change in the tax position of the Financing Entity.~~

(b) ~~(c)~~ Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, ~~OPG~~[the FSM] shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional ~~of~~for replacement Transaction Document.

(c) ~~(d)~~ Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, ~~OPG~~[the FSM] shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) ~~(e)~~ Promptly upon request, ~~OPG~~[the FSM] shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

~~(f) OPG shall, as the FSM, cause the Financing Entity to deliver to the Province copies of the Financing Entity's annual tax returns (if any) and any related tax assessments not more than 10 Business Days after such a tax return or tax assessment is required to be filed under applicable law.[2]~~

~~[2] Note: The tax documents to be provided to the Province are under consideration.~~

2.02 Covenants

(a) ~~OPG shall, as the FSM,~~[The FSM] shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not~~, without the prior written consent of the Province~~:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;

(B) consent to the resignation of ~~(1) the Administrative Agent under the Administrative Services Agreement; or (2)~~ the Manager under the Management Agreement; or

~~(C) consolidate or merge with or into any other Person;~~

(C) ~~(D)~~ permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired~~;~~.

~~(E) permit any Lien (other than the Security Interest) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;~~

~~(F) sell, transfer, exchange or otherwise dispose of any of the Collateral, other than as expressly permitted by the Trust Indenture;~~

~~(G) release any security or guarantee in respect of the Collateral other than as expressly permitted by the Trust Indenture; or~~

~~(H) voluntarily dissolve or liquidate.~~

(b) ~~OPG~~[The FSM] shall:

(i) comply, and ~~as the FSM~~shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iii) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under ~~this~~the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected~~; and~~.

~~(iv) ensure that any disclosure (including any Disclosure Document, press release or other written communication intended for dissemination to third parties) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement will be subject to the prior review of the Province and such disclosure will not be made (and any such Disclosure Document shall not be used and any such press release or other written communication shall not be issued) without the prior written consent of the Province, in each case unless such disclosure is substantially the same as a disclosure previously made and for which the Province had previously provided its written consent under this Subsection 2.02(b)(iv).~~

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify the FSM, the latter shall prevail. [For clarity, OPG's obligations under this Agreement are solely in its capacity as the FSM.]

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

~~OPG~~[The FSM] shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation, and

(ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment ~~and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the Primary Obligation~~, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Primary Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Primary Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination and the Province provided its written consent to such use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made and for which the Province had previously provided its written consent;

(e) ~~(d)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) ~~(e)~~ confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments

under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars and in respect of which a Derivative Agreement has been entered into to hedge related currency exposures shall be valued for this purpose on the basis of the hedged value expressed in Canadian dollars for so long as such Derivative Agreement is in good standing.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the "process certificate" referred to in Subsection 4.02(~~d)(ii~~b) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to ~~OPG~~[the FSM]; ~~and~~or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(~~e~~b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to ~~OPG~~[the FSM].

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 or Article VI of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~;~~ or upon the assumption of obligations in accordance with Article VI of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation

themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

~~(b)~~ ~~with respect to the Reviewed Documentation referred to in clauses (v) to (ix) of the definition of "Transaction Documents", and, where applicable, clauses (x) and (xi) of the definition of "Transaction Documents" as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of the Primary Obligations arising thereunder and as to the timing, conditions and circumstances in which payment obligations under such Primary Obligations may arise, but without regard to the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and~~

(b) ~~(c)~~ with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

~~(a)~~ ~~The initial Protection Agreement Maximum shall be determined by the Province prior to the initial issuance of the first Funding Obligation. The initial Protection Agreement Maximum will be confirmed by the Province by notice in writing to OPG, as the FSM.~~

(a) ~~(b)~~ Not less than ■15 Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the ~~applicable~~ Financing Plan (the "**Initial Forecast**"). ~~In determining~~; and (ii) notice of the initial Protection Agreement Maximum, ~~the Province~~which may ~~have regard to (but not be bound by)~~not exceed the Initial Forecast.

(b) Not more than 10 Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is

inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently with the consent of the Province if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) ~~Upon receiving an updated Forecast, the Province shall determine whether or not the Protection Agreement Maximum will be revised. In determining whether the Protection Agreement Maximum will be revised, the Province may have regard to (but not be bound by) such updated Forecast. Any determination by the Province to revise the Protection Agreement Maximum will be confirmed by setting out a new Protection Agreement Maximum in a written notice from the Province to the FSM and the Indenture Trustee, the delivery of which will be conclusive evidence that such new Protection Agreement Maximum will apply until it may be further so revised.~~ Not more than 10 Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars and in respect of which a Derivative Agreement has been entered into to hedge related currency exposures shall be valued for the purposes of this Section 4.01 on the basis of the hedged value expressed in Canadian dollars for so long as such Derivative Agreement is in good standing.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of ~~OPG~~[the FSM]

~~OPG~~[The FSM] represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, ~~shall~~may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario~~, is duly qualified to carry on its business in each jurisdiction in which it carries on business,~~ and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto~~ and to own its property and carry on its business as currently conducted~~.

(c) OPG has been validly appointed, and has irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation~~ of OPG enforceable against OPG~~ in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting ~~OPG (including in its capacity as the FSM) or~~ the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of ~~OPG or~~ the Financing Entity or in the ability of ~~OPG or~~ the Financing Entity to perform ~~their respective~~its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result

in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution, delivery and performance of this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
ELECTION[2] TO ASSUME APPROVED OBLIGATIONS

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) ~~to~~ elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to ~~OPG~~[the FSM] a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to ~~OPG~~[the FSM] (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to ~~OPG, OPG~~[the FSM], [the FSM] shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any

[2] OPG's proposal to move Art VI to the Protection Agreement is not consistent with the original basis for the Process Agreement - to keep the details and plumbing out of the "external" document. If we move toward putting all of this into the Protection Agreement, it will raise additional drafting issues (e.g., we will have to have a parallel "Breach Event" concept in the Protection Agreement that will deal with these sorts of undertakings and allow for a suspension of the Limited Guarantee). OPG to advise if that approach is preferred.

documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) ~~a draft version of~~ the form of Assumption Agreement ~~prepared in relation to each Obligation Secured, prepared in accordance with and having regard to the requirements of the relevant agreement(s) under which the Obligation Secured arises.~~ in respect of the assignment and assumption of all Obligations Secured attached as Exhibit E to the Change of Law Protection Agreement.[3]

6.03 Settlement of Terms

Within ~~20~~30 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

6.04 Cooperation to Implement the Assignment and Assumption

~~OPG~~[The FSM] shall cooperate with the Province and~~, as FSM,~~ will use commercially reasonable efforts to cause the Financing Entity to cooperate, and ~~each~~ shall use its ~~best~~commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.~~3~~

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, ~~OPG will, and as~~[the FSM~~, will~~] shall cause the Financing Entity to~~,~~ ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity~~,~~ permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations arise under market standard

[3] Torys to provide a draft of the proposed form of global Assumption Agreement for all Obligations Secured. The Province may be guided by OPG on this, but we note that it seems simplistic to think that the same assumption agreement will work for swaps, debt and service obligations.

~~[3] Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.~~

mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[4]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of ~~OPG~~[the FSM] under this Agreement ~~(including in respect of its role as FSM under any Program Agreement)~~, which continues for thirty (30) days after written notice by the Province to [the FSM] of such default or breach;

(b) any representation or warranty made by ~~OPG~~[the FSM] in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section ~~4.03~~4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to [the FSM] of such misrepresentation; or

(c) OPG is no longer the ~~FSM, the Administrative Agent or the~~ Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as ~~the FSM, the Administrative Agent or~~ the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to ~~OPG~~[the FSM], and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, [the FSM] and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

[4] ~~Note:~~ The Trust Indenture will need to ~~include a clause providing that~~permit the obligations of the Financing Entity to the Indenture Trustee and the Noteholders ~~may~~to be assigned to and assumed by the Province in accordance with an assumption agreement, substantially in ~~the~~a form of agreement to be set out in an exhibit to the Trust Indenture. The Province agrees that the same form of the assumption agreement should also be an exhibit to the Change of Law Protection Agreement. The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to ~~OPG~~the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

~~**8.06 Confidentiality**~~[5]

8.06 ~~**8.07**~~ **Delivery of Executed Copies**

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

[5] ~~To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province.~~

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC., [AS FINANCIAL SERVICES MANAGER TO THE FINANCING ENTITY]

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

~~[FINANCING ENTITY TRUSTEE], IN ITS CAPACITY AS FINANCING ENTITY~~COMPUTERSHARE TRUST COMPANY OF CANADA, AS **TRUSTEE** ~~FOR [FINANCING ENTITY]~~OF FAIR HYDRO TRUST

By: _____
Name:
Title:

~~[INDENTURE TRUSTEE]~~BNY TRUST COMPANY OF CANADA, **AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY**

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~["**Administrative Agent**" has the meaning ascribed thereto in the Change of Law Protection Agreement.]~~

~~["**Administrative Services Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.][6]~~

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity~~, the FSM~~ and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction,

[6] ~~Note: To be confirmed if required.~~

collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means [■]Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(~~b~~a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(~~b~~a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

~~"**Lien**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~[~~"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~]~~

~~[~~

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~]~~[7]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO~~, and acknowledged and accepted by the Indenture Trustee~~.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

~~"**PILs Regime**" means the Payment in Lieu of Taxes regime contemplated under the *Electricity Act* (Ontario).~~

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

~~[7]Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.~~

"**Protection Agreement Maximum**" means the dollar amount ~~determined by the Province and of which OPG is provided written notice~~[referenced as the Program Agreement Maximum in accordance with Article IV].

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed ~~thereto~~to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement~~, the Administrative Services Agreement~~ and the Management Agreement; (iii) the Master Transfer and Servicing Agreement ~~between the Financing Entity and the IESO~~; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the

Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

~~**(form of Assumption Agreement to be attached, once settled)**~~

Document comparison by Workshare Compare on Tuesday, November 14, 2017 8:21:33 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/7
Description	TOR_2528-#23239361-v7-CLPA_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/10
Description	TOR_2528-#23239361-v10-CLPA_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
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Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	143
Deletions	146
Moved from	8
Moved to	8
Style change	0
Format changed	0
Total changes	305

Draft: November 14, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

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[1] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

The FSM and the Province will concurrently enter into the Process Agreement, under which the FSM will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may

from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture. No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such

yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the amount of the Approved Obligations that would have been payable from Available Collections had the Protection Event not occurred[3] from time to time by the Financing Entity to the Indenture Trustee as and when they become due and payable, without Acceleration. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation, without Acceleration, in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts that would have been payable from Available Collections had the Protection Event not occurred by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation, in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation, in each case by the Province depositing or causing the deposit of the applicable payment amount into the Protection Account[4] on or before the day on which the applicable Approved Obligation becomes due and payable in accordance with its terms (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

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[3] The amount "owing" under an obligation (i.e., balloon) will different from the amount available to be paid in respect of such owed amount (based on Available Collections). The Province is not obligated to pay more than the obligations that would have been paid from CEAs had they been collected.

[4] Province needs to see how the Trust Indenture will be modified to address addition of Protection Account (i.e., payment mechanics; Protection Account to be part of the Collateral; mechanics of how funds move to Collection Account; absence of equitable claims; etc.). Province will need to know that all amounts will be applied for their intended purposes without undermining Province's step-in and subrogation rights.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[5] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Protection Account in respect of an Approved Obligation to pay the corresponding amount

[5] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

due and payable to the applicable Beneficiaries under the Approved Obligation. Upon a payment having been made by or on behalf of the Province into the Protection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable to such Beneficiaries in respect of the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[6]. For greater certainty, the obligations arising in respect of the Approved Obligation shall not be reduced by such payment as the Province shall become entitled to the rights contemplated under Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

[6] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine,

provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, prior to the earlier of (i) one Business Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), confirming that the FSM has delivered to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement. [7]

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

[7] Province wants this mechanic embedded in the adherence conditions so it is explicitly understood and mechanically contemplated as the way the Province be sure future Limited Guarantees are cut-off opposite the indenture trustee.

(a) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[8]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution, delivery and performance of this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

[8] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[9]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: Need to move Article VI of the Change of Law Process Agreement into this Article VI and amend accordingly.[10] Also, we will need to attach the form of Assumption Agreement as an Exhibit to this Agreement that will be used for the assignment and assumption of all Obligations Secured. Contrary to the statement in Section 6.02(f) of the Change of Law Protection Agreement, there will not be a separate form of Assumption Agreement for each Obligation Secured. [11]]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

---

[9] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

[10] The idea was to not burden the external agreement with the necessary steps for the Province to be in a position to step-in. If the preference is to include more in this external agreement, the Province will not object subject to further consideration of drafting issues.

[11] It has been assumed that there may be variations depending on the nature of the underlying obligations. A root form of Assumption Agreement, modified to conform substantially to that form in connection with a particular obligation, was the idea. To be further discussed.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution,

delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity:

(a) upon the Province becoming aware of the occurrence of a Program Breach; and

(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred on or after the time such Suspension Notice is delivered.

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").[12]

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations

[12] The suspension right in favour of the Province is intended to allow the Province to cut-off future obligations under this Agreement, but not affect rights that have arisen prior to the suspension notice. The termination notice is a further step that allows the Province to bring this agreement to an end, but that only happens (under section 9.01) after all amounts capable of becoming due under the Limited Guarantee have been paid (i.e., the last obligation incurred prior to the suspension notice has been satisfied), including as a result of an assumption under Art VI.

in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries are not parties to this Agreement and accordingly any benefits derived hereunder shall arise exclusively through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:

By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.][13]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

[13] Consider this longer version to avoid hard-coding Process Agreement into this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as may be amended prior to the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; (ii) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (iii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; (iv) any amount payable under a Derivative Agreement in respect of a "termination payment" where the Financing Entity's counterparty under the Derivative Agreement is a "defaulting party" or the sole "affected party" (as such terms are given meaning under the Derivative Agreement); and (v) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM].

["**Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction (i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, and (ii) issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

From:	Whitfield, Tobias P. (MOF)
To:	Anna Strathy; Gadi Mayman; Ken Kandeepan; Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Hresa Gavaris; John Psinas; Steen Hume (CAB); Scott Nelms (ENERGY)
Cc:	"stephen.ashbourne@blakes.com"; Malle Hanslep (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Subject:	FW: Change of Law Protection Agreement and Change of Law Process Agreement
Date:	Thursday, November 09, 2017 10:04:41 AM
Attachments:	#46682211v3_LEGAL_1_ - Change of Law Protection Agreement.docx Compare.pdf #46684849v3_LEGAL_1_ - Change of Law Process Agreement.DOCX Compare.pdf

Please find attached the Dealer's Counsel's comments on the Change of Law Protection Agreement and the Change of Law Process Agreement. Note that we have not yet received comments from OPG and these are only the Dealer's comments.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: November 9, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; JON.VINER@blakes.com; JA.PRESTAGE@blakes.com; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY)
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.

The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.

Regards, Rocco

OSLER

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Hill, Krista <khill@torys.com>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne
Partner
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———————————

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****

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

FAIR HYDRO TRUST, BY ITS MANAGER, ONTARIO POWER GENERATION INC.

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Ontario Power Generation Inc., as the Manager and in its capacity as Manager of Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc. in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee and in its capacity as trustee for the Beneficiaries in accordance with the Trust Indenture, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The FSM, as agent of the Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

The FSM and the Province will concurrently enter into the Process Agreement, under which the FSM will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor, except in each case as referenced in the definition of Protection Event;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.03 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture.

1.04 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province upon performance by the Province of the Primary Obligation. To the extent of any conflict between this Agreement and the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail.

1.05 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.06 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.07 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.08 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.09 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.10 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.11 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.12 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.13 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.14 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.15 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.16 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.17 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to the Financing Entity, such reference shall

be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the FSM as agent for the Financing Entity Trustee (in its capacity as trustee of the Financing Entity). **[NTD: Discuss whether the Financing Entity Trustee should be a party to this Agreement and references to the Financing Entity Trustee re-inserted into this section and others.]**

1.18 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the Approved Obligations owing from time to time by the Financing Entity to the Indenture Trustee as and when they become

due and payable[1]. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts owing by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[2], in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, in each case by the Province depositing or causing the deposit of the applicable payment amount into the Protection Account 5 Business Days prior to the fifteen day of each calendar month (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages.

2.02 <u>Gross-up</u>

All amounts payable by the Province under this Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Province is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Province shall deposit into the Protection Account such additional amount as is necessary to ensure that the Indenture Trustee receives (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise due and payable in respect

[1] Consider mechanics for notifying the Province regarding the specific amounts payable and their due dates. Consider attaching a detailed schedule of payments under the Payment Demand and the respective due date of each payment.

[2] Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations", which in turn relies on the definition of Primary Obligations. The connection between a Primary Obligations and an "investment interest" is therefore crucial. Blakes is considering how to more precisely connect these concepts.

of the related Approved Obligation, net of any such taxes, charges, fees, levies, duties or withholdings.

2.03 Absence of Set-off

The Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture as if it were an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Protection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation. Upon a payment having been made by or on behalf of the Province into the Protection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable under the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[3].

[3] Consider how Beneficiary rights under Obligations Secured will be amended under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a corresponding provision should appear in the Trust Indenture and each other contract under which the Obligation Secured arises, to the effect that the Beneficiaries will be deemed to be bound by the agreement of the Indenture Trustee under this Agreement. Please see our addition

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety. **[NTD: Further consideration required as to whether there should be a waiver of any other equitable defences.]**

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

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in Section 9.08. The Specified Creditors already make the necessary acknowledgement in Article 5 of the Trust Indenture. Isn't this also addressed in section 1.03 above?

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations and termination of the Trust Indenture, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) **[NTD: already covered in process certificate in section 3.01 of the Process Agreement]**

(c) **[NTD: already covered under Process Agreement.]**

(d) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided in OPG's capacity as FSM) and addressed to the Indenture Trustee, one Business Day prior to the earlier of (i) one Business Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), confirming that the FSM has delivered to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement; and

(e) **[NTD: This is more properly dealt with in Section 8.02 of this Agreement.]**.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation:

i. to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or

ii. **[as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI,] [NTD: This requires further discussion depending on the terms of the assignment and assumption agreement. If the Obligations Secured are assigned and assumed by the Province under Article VI, how would the Province be subrogated and entitled to the Beneficiary's rights and interests under the Approved Obligation? Consider limiting the application of this section 5.01 to the Limited Guarantee.]**

the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. Subject to Section 5.01(b), the Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture) under such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. Subject to Section 5.01(b), the Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including, if applicable, as a Noteholder) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) the Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province will be a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]**, (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to

further assure the priority arrangements provided for in **[Article VI and Sections 7.04 and 8.13 of the Trust Indenture]**, (iii) appoints the Indenture Trustee as its agent for any and all such purposes, and (iv) confirms that the Indenture Trustee shall send notices to the Province in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Voting Rights under "Outstanding Notes"

[Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[4]:

(a) **Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and**

(b) **in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.] [NTD: To be discussed. Giving these voting rights to the Province may affect the marketability of the debt under this program.]**

5.04 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a

[4] This concept needs to be reflected in the Trust Indenture. This requires further discussion (see NTD above).

Finance Amount.[5] **[NTD: Discussion required as to how these repayments will be dealt with under the MTI, and in particular, under the waterfall provisions.]**

5.05 Representations and Warranties

The Province hereby represents and warrants that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any applicable law;

(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations hereunder; and

(d) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[6]

[5] General Regulation to be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE.

[6] Further details regarding obtaining of third party consents and rating agency approvals to be considered.

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead be primary obligor under the Obligations Secured. **[NTD: Need to move Article VI of the Change of Law Process Agreement into this Article VI and amend accordingly. Also, we will need to attach the form of Assumption Agreement as an Exhibit to this Agreement that will be used for the assignment and assumption of all Obligations Secured. Contrary to the statement in Section 6.02(f) of the Change of Law Protection Agreement, there will not be a separate form of Assumption Agreement for each Obligation Secured.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution,

delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

[Note: Any right to such matters will be the general rights of Specified Creditors as set out in the Trust Indenture.]

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**"):

(a) shall be provided by the Province to the Indenture Trustee promptly following the occurrence of a Program Breach; and

(b) may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), this Change of Law Protection Agreement shall not apply in respect of any new Primary Obligation following the date of such Suspension Notice. **[NTD: Deletion of "or additional" is address the situation where a then current Primary Obligation requires an additional Primary Obligation in accordance with its terms of the MTI.]**

8.03 Termination Notice

On the occurrence of a Suspension Event, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**"). Upon the delivery of such Termination Notice, the Province shall assume the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI **[NTD: If the Province terminates the program, it must assume the obligations of the Financing Entity.]**

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations

in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with this Agreement.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the **[later]** of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and the Trust Indenture has been terminated;

(b) **[subject to Section 8.04,] [NTD: Should this clause subject to section 8.04?]** following receipt of a Termination Notice from the Province by the Indenture Trustee, the FSM and the Financing Entity, the Assumption Effective Date being the date that the Province has assumed the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI; and

(c) **[subject to Section 8.04,] [NTD: Should this clause subject to section 8.04?]** following receipt of an Assumption Notice from the Province by the Indenture Trustee, the Assumption Effective Date being the date that the Province has assumed the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement and all such Persons who are Beneficiaries derive their rights exclusively through the Indenture Trustee and such rights are subject to the provisions applicable to Specified Creditors in the Trust Indenture. **[NTD: Consider merging this section 9.08 with section 1.03.]**

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:

By: _____
Name:
Title:

FAIR HYDRO TRUST, BY ITS MANAGER, ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[7] in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" has the meaning ascribed thereto in the Process Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

[7] Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.

these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured that is a Funding Obligation or otherwise constitutes a Finance Amount.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and the FSM.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means **[an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture] or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.] [NTD: To be discussed.]**

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, **[NTD: Further discussion required as to whether the Province controls the OEB for purposes of a Protection Event.]**

in each case, that adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction (i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (ii) issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

~~**[FINANCING ENTITY TRUSTEE] IN ITS CAPACITY AS TRUSTEE OF THE [FINANCING ENTITY]**~~

FAIR HYDRO TRUST, BY ITS MANAGER, ONTARIO POWER GENERATION INC.

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

~~**[NAME OF INDENTURE TRUSTEE]**~~**BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE**

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), ~~**[FINANCING ENTITY TRUSTEE]***~~Ontario Power Generation Inc.*, as the ~~Financing Entity Trustee~~Manager and in its capacity as ~~trustee of the **[FINANCING ENTITY]**~~Manager of Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc. in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and ~~**[INDENTURE TRUSTEE]**~~BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee and in its capacity as trustee for the Beneficiaries in accordance with the Trust Indenture, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the ~~FSM established the~~ Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The ~~trustee~~FSM, as agent of the ~~Financing Entity in its capacity as~~ Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

~~OPG~~The FSM and the Province will concurrently enter into the Process Agreement, under which ~~OPG~~the FSM will agree to perform certain related activities and to provide certain

assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, ~~the Financing Entity Trustee,~~ the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor, except in each case as referenced in the definition of Protection Event;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same

may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

~~1.02 Trustee to act in accordance with the Trust Indenture~~

~~Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.~~

1.02 ~~1.03~~ Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.03 ~~1.04~~ Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture. ~~No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.~~

1.04 ~~1.05~~ Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other ~~agreement~~Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province upon performance by the Province of the Primary Obligation. To the extent of any conflict between this Agreement and the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail.

1.05 ~~1.06~~ Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.06 ~~1.07~~ Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.07 ~~1.08~~ Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.08 ~~1.09~~ Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.09 ~~1.10~~ Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.10 ~~1.11~~ Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.11 ~~1.12~~ Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.12 ~~1.13~~ Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.13 ~~1.14~~ Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.14 ~~1.15~~ Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.15 ~~1.16~~ Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such

yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.16 ~~1.17~~ Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.17 ~~1.18~~ References to Acts of the Financing Entity ~~Trustee~~

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity ~~or the Financing Entity Trustee, as trustee of the Financing Entity,~~ is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to ~~(i)~~ the Financing Entity ~~or (ii) the Financing Entity Trustee~~, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the FSM as agent for the Financing Entity Trustee (in its capacity as trustee of the Financing Entity~~,~~). **[NTD: Discuss whether the Financing Entity Trustee should be a party to this Agreement and references to the Financing Entity Trustee re-inserted into this section and others.]**

1.18 ~~1.19~~ Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or

so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the ~~Financing Entity~~Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the Approved Obligations owing from time to time by the Financing Entity to the Indenture Trustee as and when they become due and payable~~, without Acceleration~~[1]. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation ~~(without Acceleration)~~ in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts owing by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[2], in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, ~~as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation,~~ in each case by the Province depositing or causing the deposit of the applicable payment amount into the ~~Collection~~Protection Account 5 Business Days prior to the fifteen day of each calendar month (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation~~, including (i) any amounts that are or become payable as a~~

[1] Consider mechanics for notifying the Province regarding the specific amounts payable and their due dates. Consider attaching a detailed schedule of payments under the Payment Demand and the respective due date of each payment.

[2] Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations", which in turn relies on the definition of Primary Obligations. The connection between a Primary Obligations and an "investment interest" is therefore crucial. Blakes is considering how to more precisely connect these concepts.

result of the exercise of an option of the Financing Entity following a Protection Event, and (ii) amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account or a Supplemental Reserve Account.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

2.02 Gross-up

[All amounts payable by the Province under this Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Province is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Province shall deposit into the CollectionProtection Account such additional amount as is necessary to ensure that the Indenture Trustee receives (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise due and payable in respect of the related Approved Obligation, net of any such taxes, charges, fees, levies, duties or withholdings.][3]

2.03 Absence of Set-off

The Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into CollectionProtection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited

[3] Under consideration.

thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture as if it were an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the ~~Collection~~Protection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation.[4] Upon a payment having been made by or on behalf of the Province into the ~~Collection~~Protection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable under the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid~~5~~3.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

[4] ~~This will need to operate in tandem with the Trust Indenture waterfall. The idea is that the Approved Obligations may not necessarily follow the sequence of the "payment waterfall" included in the Trust Indenture, and so amounts from the Province would need to operate independently.~~

~~5~~3 Consider how Beneficiary rights under Obligations Secured will be amended under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a corresponding provision should appear in the Trust Indenture and each other contract under which the Obligation Secured arises, to the effect that the Beneficiaries will be deemed to be bound by the agreement of the Indenture Trustee under this Agreement. Please see our addition in Section 9.08. The Specified Creditors already make the necessary acknowledgement in Article 5 of the Trust Indenture. Isn't this also addressed in section 1.03 above?

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety. **[NTD: Further consideration required as to whether there should be a waiver of any other equitable defences.]**

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations and termination of the Trust Indenture, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03~~)~~.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements ~~and this Agreement~~, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine~~,provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained~~.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if ~~(a)~~ the Adherence Conditions applicable thereto have been satisfied~~; or (b) the Province has specifically approved in writing the particular terms, conditions and documentation for the Primary Obligation~~.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments[6] under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not exceed the Protection Agreement Maximum;**[NTD: already covered in process certificate in section 3.01 of the Process Agreement]**

(c) the FSM delivers a notice to the Indenture Trustee, with a copy to the Province, one Business Day prior to the incurrence or any amendment of the Primary Obligation, setting out the Protection Agreement Maximum;**[NTD: already covered under Process Agreement.]**

(d) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided in OPG's capacity as FSM) and addressed to the Province and the Indenture Trustee, one Business Day prior to the earlier of (i) one Business Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to the Primary Obligation:

i. confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation (if any), together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not and will not exceed the Protection Agreement Maximum; andii. confirmation that confirming that the FSM has delivered to the Province a certificateProcess Certificate in accordance with Section **[3.01]** of the Process Agreement confirming, among other things, that the transaction documents in respect of the Primary Obligation are in substantially the form of the documentation reviewed by the Province; and

(e) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms**[NTD: This is more properly dealt with in Section 8.02 of this Agreement.]**.

[6] Use of the concept of "repayments" under the OFHPA for this purpose is under consideration.

4.03 Evidence of Satisfaction

A closing certificate ~~signed by at least two executive officers of OPG~~delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
~~RIGHTS OF THE~~ PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation:

i. ~~(a)~~ to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or

ii. ~~(b)~~ **[as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI,] [NTD: This requires further discussion depending on the terms of the assignment and assumption agreement. If the Obligations Secured are assigned and assumed by the Province under Article VI, how would the Province be subrogated and entitled to the Beneficiary's rights and interests under the Approved Obligation? Consider limiting the application of this section 5.01 to the Limited Guarantee.]**

the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. ~~The~~Subject to Section 5.01(b), the Province shall have and be entitled to enforce all rights and interests (including as a ~~secured party~~Specified Creditor under the Trust Indenture) under such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. ~~The~~Subject to Section 5.01(b), the Indenture Trustee shall recognize the Province as being entitled to all

of the rights, interests and entitlements of the Beneficiary (including, if applicable, as a Noteholder) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) the Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province will be a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]**, (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in **[Article VI and Sections 7.04 and 8.13 of the Trust Indenture]**, (iii) appoints the Indenture Trustee as its agent for any and all such purposes, and (iv) confirms that the Indenture Trustee shall send notices to the Province in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Voting Rights under "Outstanding Notes"

[Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[74]:

(a) **Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and**

(b) **in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken**

[74] This concept needs to be reflected in the Trust Indenture. This requires further discussion (see NTD above).

any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.] [NTD: To be discussed. Giving these voting rights to the Province may affect the marketability of the debt under this program.]

5.04 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[85] **[NTD: Discussion required as to how these repayments will be dealt with under the MTI, and in particular, under the waterfall provisions.]**

5.05 Representations and Warranties

The Province hereby represents and warrants that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any applicable law;

(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations hereunder; and

(d) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms.

[85] General Regulation to be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[96]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead be primary obligor under the Obligations Secured. **[NTD: Need to move Article VI of the Change of Law Process Agreement into this Article VI and amend accordingly. Also, we will need to attach the form of Assumption Agreement as an Exhibit to this Agreement that will be used for the assignment and assumption of all Obligations Secured. Contrary to the statement in Section 6.02(f) of the Change of Law Protection Agreement, there will not be a separate form of Assumption Agreement for each Obligation Secured.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity

[96] Further details regarding obtaining of third party consents and rating agency approvals to be considered.

Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

~~7.04 Release of all Collateral~~

~~(a) The Indenture Trustee shall not execute instruments to release Collateral from the Security Interest of the Trust Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, unless and until the rights and interests of the Province under Section 5.01 or otherwise as an assignee of any of the Obligations Secured or as a subrogee have been satisfied in full and the Province has no continuing obligations under this Agreement.~~

~~(b) The Province shall be entitled to receive at least 10 Business Days' written notice when the Indenture Trustee proposes to take any action pursuant to Subsection 7.04(a), accompanied by copies of any instruments involved.~~

~~7.05 Right to Notice and Attend Meetings~~

~~The Financing Entity shall ensure that the Province receives advance notice of any meeting or proposed written resolution of Specified Creditors (or any of them) and the Province and its legal advisers shall be permitted to attend and be represented at any meeting of such Specified Creditors.~~

[Note: Any right to such matters will be the general rights of Specified Creditors as set out in the Trust Indenture.]

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**"):

(a) shall be provided by ~~the FSM or~~ the Province to the Indenture Trustee promptly following the occurrence of a Program Breach; and

(b) may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), ~~the Financing Entity shall not incur any new or additional Obligation Secured and shall not amend or terminate any existing Obligation Secured except with the prior written consent of the Province.~~this Change of Law Protection Agreement shall not apply in respect of any new Primary Obligation following the date of such Suspension Notice. **[NTD: Deletion of "or additional" is address the situation where a then current Primary Obligation requires an additional Primary Obligation in accordance with its terms of the MTI.]**

8.03 Termination Notice

On the occurrence of a Suspension Event, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**"). Upon the delivery of such Termination Notice, the Province shall assume the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI **[NTD: If the Province terminates the program, it must assume the obligations of the Financing Entity.]**

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish

the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with this Agreement.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the **[later]** of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and the Trust Indenture has been terminated;

(b) **[subject to Section 8.04,] [NTD: Should this clause subject to section 8.04?]** following receipt of a Termination Notice from the Province by the Indenture Trustee, the FSM and the Financing Entity, the Assumption Effective Date being the date that the Province has assumed the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI; and

(c) ~~(b) the date that a Termination Notice is received~~**[subject to Section 8.04,] [NTD: Should this clause subject to section 8.04?]** following receipt of an Assumption Notice from the Province by the Indenture Trustee, the ~~FSM and~~Assumption Effective Date being the date that the Province has assumed the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

~~[Financing Entity]~~

~~c/o~~ *~~Ontario Power Generation Inc.~~*

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

~~[Financing Entity Trustee]~~Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for ~~[Financing Entity]~~
~~[Address]~~Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 ~~Force Majeure~~Intentionally Deleted

~~In no event shall the Indenture Trustee or the Financing Entity Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Financing Entity Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.~~

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement and all such Persons who are Beneficiaries derive their rights exclusively through the Indenture Trustee and such rights are subject to the provisions applicable to Specified Creditors in the Trust Indenture. **[NTD: Consider merging this section 9.08 with section 1.03.]**

9.09 ~~9.08~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:
By: _____
Name:
Title:

~~**[FINANCING ENTITY TRUSTEE], IN**~~**FAIR HYDRO TRUST, BY ITS** ~~**CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]**~~**MANAGER, ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

~~**[INDENTURE TRUSTEE]**~~**BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL**

CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[10]7 in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

~~["**Administrative Agent**" means OPG, in its capacity as administrative agent of the Financing Entity under the Administrative Services Agreement.]~~

~~["**Administrative Services Agreement**" means the administrative services agreement dated [■], 2017 between the Financing Entity and the Administrative Agent concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Financing Entity.]~~[11]

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" ~~means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of OPG under the Process Agreement; or (b) any representation or warranty made by OPG, any certification made by OPG under the Process Agreement, or any certification made by OPG in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM, the Administrative Agent or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM, the Administrative Agent or the Manager~~ has the meaning ascribed thereto in the Process Agreement.

[10]7 Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.

[11] ~~Note: To be confirmed if required.~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~"~~**Collection Account**~~" ~~has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "~~I~~investment ~~I~~interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

~~[~~"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.~~]~~

~~[~~"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.~~]~~[12]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO~~, and acknowledged and accepted by the Indenture Trustee~~.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

[12] ~~Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.~~

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured that is a Funding Obligation~~, other than (a) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; and (b) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account~~ or otherwise constitutes a Finance Amount.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and ~~OPG~~the FSM.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture~~ as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Program Breach**" means **[an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture] or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.] [NTD: To be discussed.]**

"**Protection ~~Agreement Maximum"~~ ~~means the dollar amount determined by the Province and of which OPG is provided notice in accordance with the Process Agreement.~~Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, **[NTD: Further discussion required as to whether the Province controls the OEB for purposes of a Protection Event.]**

in each case, that ~~materially and~~ adversely affects (a) the ability of the Financing Entity to receive amounts ~~on~~in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction (i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that ~~materially and~~ adversely affects the ability of the Financing Entity~~'s receipt of~~ to receive amounts in respect of its Investment Interest ~~and~~so that it can pay Obligations Secured, or (ii) issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

~~"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager for the Financing Entity in accordance with the Act, is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[1]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, the FSM provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to the FSM that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations the FSM has agreed to perform and assurances the FSM has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the FSM, and of the Province in accordance with the Act, have been done.

[1] Note: This draft only addresses the first Financing Entity. If additional financing entities are established, revisions to this Agreement may be made at that time, in context. Any additional financing entities contemplated should be as contemplated in the Financing Plan.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor, except in each case as referenced in the definition of Protection Event;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the FSM, as agent of the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.01 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF THE FSM

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, the FSM shall deliver to the Province a copy of the initial Financing Plan. Thereafter, the FSM shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, the FSM shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, the FSM shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) Promptly upon request, the FSM shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) The FSM shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; or

(B) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) The FSM shall use commercially reasonable efforts:

(i) to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto; and

(ii) to, after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail. For clarity, OPG's obligations under this Agreement are solely in its capacity as the FSM.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

The FSM shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of the FSM (or their respective designees, provided that such designees are also executive officers of the FSM) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation, and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and

coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments shall not include any payments or outstanding amounts due or becoming dues in the future in respect of any Primary Obligations arising under or in connection with a Derivative Agreement.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the certificate referred to in Subsection 4.02(d) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to the FSM; and

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to the FSM.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that would be adverse to the Issuer, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) [Not less than [■] Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum which shall be based on the Initial Forecast.

(b) Not more than [■] Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province shall confirm its agreement with the initial Protection Agreement Maximum or if the Province does not agree with the determination of the initial Protection Agreement Maximum, which disagreement may only be on the basis that the Initial Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will discuss and address any inaccuracies in the Financing Plan to the reasonable satisfaction of both parties, and the initial Protection Agreement Maximum will be revised accordingly.]

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum based on such Forecast.

(d) Not more than [■] Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province shall confirm its agreement with the revised Protection Agreement Maximum or if the Province does not agree with the determination of the revised Protection Agreement Maximum, which disagreement may only be on the basis that the further Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will discuss and address any inaccuracies in the Financing Plan to the reasonable satisfaction of both parties, and the revised Protection Agreement Maximum will be revised accordingly.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of the FSM

The FSM represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, shall use commercially reasonable efforts

to cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation of the Financing Entity enforceable against the Financing Entity in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(d) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(e) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement does not and will not result in a violation of any applicable law;

(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations hereunder; and

(d) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms.

ARTICLE VI
ELECTION TO ASSUME APPROVED OBLIGATIONS[2]

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to the FSM a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to the FSM (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to the FSM, the FSM shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be

[2] Note to Province/Blakes: Article 6 to be moved and merged with Article 6 of the Change of Law Protection Agreement with appropriate revisions. It is more appropriate in that agreement. See also the comments in Article 6 of the Change of Law Protection Agreement.

considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) the form of Assumption Agreement in respect of the assignment and assumption of all Obligations Secured is attached as Exhibit E to the Change of Law Protection Agreement.[3]

6.03 Settlement of Terms

Within 20 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

6.04 Cooperation to Implement the Assignment and Assumption

The FSM shall cooperate with the Province and will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.[4]

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, the FSM will use commercially reasonable efforts to cause the Financing Entity to, use commercially reasonably efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any

[3] Note to Province: A form of global Assumption Agreement for all Obligations Secured is required. It is impractical to have an assumption agreement for each type of Obligation Secured.

[4] Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.

acceleration of future fees, profits or other like amounts; provided that, this Section 6.05 shall not apply to any Obligations Secured under a Derivative Agreement.[5]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of the FSM under this Agreement which continues for sixty (60) days after written notice by the Province to the FSM of such default or breach;

(b) any representation or warranty made by the FSM in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within sixty (60) days after written notice by the Province to the FSM of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager. **[NTD: The FSM is a statutory role and OPG can only be removed as FSM by the Province.]**

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to the FSM, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

[5] Note: The Trust Indenture will need to include a clause providing that the obligations of the Financing Entity to the Indenture Trustee and the Noteholders may be assigned to the Province in accordance with an assumption agreement, substantially in the form set out in an exhibit to the Trust Indenture. **[NTD: The form of Assumption Agreement shall be an exhibit to the Change of Law Protection Agreement (consistent with our comment to move Article 6 here to the Change of Law Protection Agreement). We will add the following to the MTI to otherwise address your comment: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured pursuant to Sections 5.01(f) and 5.03(b) of the MTI, and (ii) we will add language in section 11.01 of the MTI that allows the Indenture Trustee to enter into the global Assumption Agreement without the consent of Specified Creditors.]**

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Intentionally Deleted[6]

8.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

[6] To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province. **[NTD: The existence and details of this Agreement and the Change of Law Protection Agreement cannot be confidential. It will need to be disclosed to the Rating Agencies and to potential investors.]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC., SOLELY AS FINANCIAL SERVICES MANAGER TO THE FINANCING ENTITY

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

FAIR HYDRO TRUST, BY ITS MANAGER, ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture)

governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager for the Financing Entity in accordance with the Act, is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, ~~the FSM established~~ the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[1]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, ~~OPG~~the FSM provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to ~~OPG~~the FSM that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations ~~OPG~~the FSM has agreed to perform and assurances ~~OPG~~the FSM has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of ~~OPG~~the FSM, and of the Province in accordance with the Act, have been done.

[1] Note: This draft only addresses the first Financing Entity. If additional financing entities are established, revisions to this Agreement may be made at that time, in context. Any additional financing entities contemplated should be as contemplated in the Financing Plan.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor, except in each case as referenced in the definition of Protection Event;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity ~~or the Financing Entity Trustee~~

For greater certainty, each reference to the Financing Entity ~~or to the Financing Entity Trustee~~ shall be construed as a reference to the FSM, as agent of the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.01 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF ~~OPG~~THE FSM

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, ~~OPG~~the FSM shall deliver to the Province a copy of the initial Financing Plan. Thereafter, ~~OPG~~the FSM shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

~~(b) Unless the Financing Entity is subject to the PILs Regime, not less than 15 Business Days prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province an analysis and assessment of the tax position of the Financing Entity. In addition, OPG shall promptly deliver written notice to the Province of any change in the Financing Entity's eligibility status under the PILs Regime and an analysis and assessment of any material change in the tax position of the Financing Entity.~~

(b) ~~(c)~~ Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, ~~OPG~~the FSM shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional ~~of~~or replacement Transaction Document.

(c) ~~(d)~~ Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, ~~OPG~~the FSM shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) ~~(e)~~ Promptly upon request, ~~OPG~~the FSM shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

~~(f) OPG shall, as the FSM, cause the Financing Entity to deliver to the Province copies of the Financing Entity's annual tax returns (if any) and any related tax assessments not more than 10 Business Days after such a tax return or tax assessment is required to be filed under applicable law.[2]~~

~~[2] Note: The tax documents to be provided to the Province are under consideration.~~

2.02 Covenants

(a) ~~OPG~~The FSM shall~~, as the FSM,~~ use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not~~, without the prior written consent of the Province~~:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; or

~~(B) consent to the resignation of (1) the Administrative Agent under the Administrative Services Agreement; or (2) the Manager under the Management Agreement;~~

~~(C) consolidate or merge with or into any other Person;~~

(B) ~~(D)~~ permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired~~;~~

~~(E) permit any Lien (other than the Security Interest) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;~~

~~(F) sell, transfer, exchange or otherwise dispose of any of the Collateral, other than as expressly permitted by the Trust Indenture;~~

~~(G) release any security or guarantee in respect of the Collateral other than as expressly permitted by the Trust Indenture; or(H) voluntarily dissolve or liquidate~~.

(b) ~~OPG~~The FSM shall use commercially reasonable efforts:

(i) ~~comply, and as the FSM~~to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;, and

~~(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation;~~

(ii) ~~(iii)~~ to, after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under ~~this~~*the Change of Law Protection* Agreement would be accelerated~~, delayed or otherwise affected; and~~.

~~(iv) ensure that any disclosure (including any Disclosure Document, press release or other written communication intended for dissemination to third parties) that refers to or describes the terms, effect or adherence of or to this Agreement or *the Change of Law Protection* Agreement will be subject to the prior review of the Province and such disclosure will not be made (and any such Disclosure Document shall not be used and any such press release or other written communication shall not be issued) without the prior written consent of the Province, in each case unless such disclosure is substantially the same as a disclosure previously made and for which the Province had previously provided its written consent under this Subsection 2.02(b)(iv).~~

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail. For clarity, OPG's obligations under this Agreement are solely in its capacity as the FSM.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

~~OPG~~The FSM shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of ~~OPG~~the FSM (or their respective designees, provided that such designees are also executive officers of ~~OPG~~the FSM) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation,

and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment ~~and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the Primary Obligation~~, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments shall not include any payments or outstanding amounts due or becoming dues in the future in respect of any* Primary Obligations arising *under or in connection with a Derivative Agreement.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the certificate referred to in Subsection 4.02(d~~)(ii~~) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to ~~OPG~~the FSM; and

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(~~c~~b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to ~~OPG~~the FSM.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that would be adverse to the Issuer, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation;~~(b) with respect to the Reviewed Documentation referred to in clauses (v) to (ix) of the definition of "Transaction Documents", and, where applicable, clauses (x) and (xi) of the definition of "Transaction Documents" as the context requires, that the~~ provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are ~~as~~ reasonably contemplated in the Reviewed Documentation, ~~as to the type, scope and extent of the~~* ~~Primary Obligations arising~~ *~~thereunder and as to the timing, conditions and circumstances in which payment obligations under such Primary Obligations may arise, but without regard to~~including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) ~~(c)~~ with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document

complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

~~(a) The initial Protection Agreement Maximum shall be determined by the Province prior to the initial issuance of the first Funding Obligation. The initial Protection Agreement Maximum will be confirmed by the Province by notice in writing to OPG, as the FSM.~~

(a) ~~(b)~~ [Not less than [■] Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the ~~applicable~~ Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum which shall be based on the Initial Forecast. ~~In determining~~

(b) Not more than [■] Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum~~, the Province may have regard to (but not be bound by) the Initial Forecast.~~ from OPG pursuant to Section 4.01(a), the Province shall confirm its agreement with the initial Protection Agreement Maximum or if the Province does not agree with the determination of the initial Protection Agreement Maximum, which disagreement may only be on the basis that the Initial Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will discuss and address any inaccuracies in the Financing Plan to the reasonable satisfaction of both parties, and the initial Protection Agreement Maximum will be revised accordingly.]

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum based on such Forecast.

(d) ~~Upon receiving an updated Forecast, the Province shall determine whether or not the Protection Agreement Maximum will be revised. In determining whether the Protection Agreement Maximum will be revised, the Province may have regard to (but not be bound by) such updated Forecast. Any determination by the Province to revise the Protection Agreement Maximum will be confirmed by setting out a new Protection Agreement Maximum in a written notice from the Province to the FSM and the Indenture Trustee, the delivery of which will be conclusive evidence that such new Protection Agreement Maximum will apply until it may be further so revised.~~Not more than [■] Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province shall confirm its agreement with the revised Protection Agreement Maximum or if the Province does not agree with the determination of the revised Protection Agreement Maximum, which disagreement may only be on the basis that the further Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will discuss and address any inaccuracies in the Financing Plan to the reasonable satisfaction of both parties, and the revised Protection Agreement Maximum will be revised accordingly.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of ~~OPG~~the FSM

~~OPG~~The FSM represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, shall use commercially reasonable efforts to cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario~~, is duly qualified to carry on its business in each jurisdiction in which it carries on business,~~ and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto~~ and to own its property and carry on its business as currently conducted.(c) OPG has been validly appointed, and has irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto~~.

(c) ~~(d)~~ The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM

has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation of ~~OPG~~the Financing Entity enforceable against ~~OPG~~the Financing Entity in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(d) ~~(e)~~ There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting ~~OPG (including in its capacity as the FSM) or~~ the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of ~~OPG or the Financing Entity or in the ability of OPG or the Financing Entity to perform their respective obligations under the Program Agreements.(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG~~the Financing Entity or in the ability of the Financing Entity to perform its obligations under ~~this Agreement or any~~the Program Agreements.

(e) ~~(g)~~ The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

~~(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.~~

~~(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or~~

any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement does not and will not result in a violation of any applicable law;

(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations hereunder; and

(d) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms.

ARTICLE VI
ELECTION TO ASSUME APPROVED OBLIGATIONS[2]

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) to elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to OPGthe FSM a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to OPGthe FSM (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to OPGthe FSM, OPGthe FSM shall provide the following information and documentation to the Province:

[2] Note to Province/Blakes: Article 6 to be moved and merged with Article 6 of the Change of Law Protection Agreement with appropriate revisions. It is more appropriate in that agreement. See also the comments in Article 6 of the Change of Law Protection Agreement.

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) ~~a draft version of~~ the form of Assumption Agreement ~~prepared in relation to each Obligation Secured, prepared in accordance with and having regard to the requirements of the relevant agreement(s) under which the Obligation Secured arises.~~ in respect of the assignment and assumption of all Obligations Secured is attached as Exhibit E to the Change of Law Protection Agreement.[3]

6.03 Settlement of Terms

Within 20 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

[3] Note to Province: A form of global Assumption Agreement for all Obligations Secured is required. It is impractical to have an assumption agreement for each type of Obligation Secured.

6.04 Cooperation to Implement the Assignment and Assumption

~~OPG~~The FSM shall cooperate with the Province and~~, as FSM,~~ will use commercially reasonable efforts to cause the Financing Entity to cooperate, and ~~each~~ shall use its ~~best~~commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.[3][4]

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, ~~OPG will, and as~~the FSM~~,~~ will use commercially reasonable efforts to cause the Financing Entity to, use commercially reasonably efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity~~,~~ permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts~~.~~[4]; provided that, this Section 6.05 shall not apply to any Obligations Secured under a Derivative Agreement.[5]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of ~~OPG~~the FSM under this Agreement ~~(including in respect of its role as FSM under any Program Agreement)~~which continues for sixty (60) days after written notice by the Province to the FSM of such default or breach;

(b) any representation or warranty made by ~~OPG~~the FSM in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured

[3][4] Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.

[4][5] Note: The Trust Indenture will need to include a clause providing that the obligations of the Financing Entity to the Indenture Trustee and the Noteholders may be assigned to the Province in accordance with an assumption agreement, substantially in the form set out in an exhibit to the Trust Indenture. **[NTD: The form of Assumption Agreement shall be an exhibit to the Change of Law Protection Agreement (consistent with our comment to move Article 6 here to the Change of Law Protection Agreement). We will add the following to the MTI to otherwise address your comment: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured pursuant to Sections 5.01(f) and 5.03(b) of the MTI, and (ii) we will add language in section 11.01 of the MTI that allows the Indenture Trustee to enter into the global Assumption Agreement without the consent of Specified Creditors.]**

within sixty (60) days after written notice by the Province to the FSM of such misrepresentation; or

(c) OPG is no longer the ~~FSM, the Administrative Agent or the~~ Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as ~~the FSM, the Administrative Agent or~~ the Manager. **[NTD: The FSM is a statutory role and OPG can only be removed as FSM by the Province.]**

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to ~~OPG~~the FSM, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to ~~OPG~~the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]

Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~Confidentiality~~[5] Intentionally Deleted[6]

[5][6] To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province. **[NTD: The existence and details of this Agreement and the Change of Law Protection Agreement cannot be confidential. It will need to be disclosed to the Rating Agencies and to potential investors.]**

8.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC., SOLELY AS FINANCIAL SERVICES MANAGER TO THE FINANCING ENTITY

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

~~[FINANCING ENTITY TRUSTEE], IN~~FAIR HYDRO TRUST, BY ITS ~~CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]~~MANAGER, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

~~[INDENTURE TRUSTEE]~~BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~["**Administrative Agent**" has the meaning ascribed thereto in the Change of Law Protection Agreement.]~~

~~["**Administrative Services Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.][6]~~

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity~~, the FSM~~ and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction,

[6] ~~Note: To be confirmed if required.~~

collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means [■]Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(~~b~~a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(~~b~~a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

~~"**Lien**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~[~~"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~]~~

~~[~~"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~]~~[7]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO~~, and acknowledged and accepted by the Indenture Trustee~~.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

~~"**PILs Regime**" means the Payment in Lieu of Taxes regime contemplated under the *Electricity Act* (Ontario).~~

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

~~[7]Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.~~

"**Protection Agreement Maximum**" means the dollar amount ~~determined by the Province and of which OPG is provided written notice~~referenced as the Program Agreement Maximum in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed ~~thereto~~to the term "repayment" in the General Regulation. ~~"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture~~ as of the date of this Agreement ~~or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement~~, the Administrative Services Agreement~~ and the Management Agreement; (iii) the Master Transfer and Servicing Agreement ~~between the Financing Entity and the IESO~~; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any

other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

~~**(form of Assumption Agreement to be attached, once settled)**~~

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Mike Manning; Ken Kandeepan; Ronald Kwan; Veinot, Cindy (TBS); Mark Donaldson (MOF); Scott Nelms (ENERGY); Keley Katona (ENERGY); John Kim; Steen Hume (CAB)
Subject:	FW: Change of Law Protection Agreement and Change of Law Process Agreement
Date:	Thursday, November 16, 2017 8:37:03 PM
Attachments:	Change of Law Protection Agreement - Nov 16 (Osler)#2.docx Blackline_24504581v1 - 24503896v2.pdf Process Agreement (OPG_Torys_CommentsNov16).docx Blackline_24491039v1 - 24491039v2.pdf

Hopefully I have captured everyone who is usually copied on these.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-16-17 8:29 PM
To: 'ASHBOURNE, STEPHEN'; Feldman, Michael; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John - TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin; Sebastiano, Rocco; Ramchandani, Rima; VINER, JON; PRESTAGE, JA; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY)
Cc: Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

All – please find attached consolidated comments from OPG and the Dealers on the Change of Law Agreements. Please note that the attached remains subject to the review of the working group. There are a few drafting points to confirm amongst the lawyers but please let us know if there are any remaining business points to be discussed on these documents tomorrow. Many thanks,

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-14-17 8:30 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Ramchandani, Rima <rramchandani@torys.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John - TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; Niehaus, Katrina <Katrina.Niehaus@gs.com>; Delaney, Brian

<Brian.Delaney@gs.com>; Conner, Robbin <Robbin.Conner@gs.com>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find attached revised versions of the Protection and Process Agreements. The blacklines show changes to the November 2nd (Province/Blakes) and November 8th (OPG/Dealers/Osler/Torys) circulated versions. In the interest of time, these versions are being circulated at the same time to the Province and so remain subject to comment. Please let us know if you have any comments or concerns. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Thursday, November 09, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.

The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.

Regards, Rocco

OSLER

Rocco Sebastiano
Partner

416.862.5859 DIRECT
416.862.6666 FACSIMILE
rsebastiano@osler.com

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

osler.com

[osler.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
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Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
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———————————

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

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[1] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary

Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY

HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the Approved Obligations as provided in this Agreement. From and after the delivery of a Payment Demand, the Province shall make payments in respect of Approved Obligations and receive Subrogation Amounts in accordance with the following procedures (the "**Limited Guarantee**"):

i. One Business Day prior to each Payment Date when any payment or payments are to be made in respect of one or more Approved Obligations, the Manager shall advise the Province in writing of the Aggregate Approved Obligations Amount in respect of such Approved Obligations on such Payment Date.

ii. On each Payment Date the Province shall pay the Aggregate Approved Obligations Amount to the Indenture Trustee and the Indenture Trustee shall deposit such amount to the Protection Account.

iii. On each Payment Date, the Paying Agent shall apply the Aggregate Approved Obligations Amount deposited to the Protection Account to pay in full to the applicable Beneficiaries the Approved Obligation Amount of each Beneficiary payable on such Payment Date; provided that if for any reason the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount available shall be applied in the order of priority in which the applicable Approved Obligations are payable in the section of the Trust Indenture which would otherwise be applicable to the making of such payments.

iv. The Manager shall prepare payment instructions for the Payment Date under each section of the Trust Indenture applicable to the making of the payments under clause 2.01(a)iii allocating the amounts available to be allocated under each such section (which for greater certainty, are amounts other than the Approved Obligations Amounts) on the basis that: (A) for the purpose of determining the amount of the payment to each applicable Person (including the Beneficiaries of Approved Obligations), the payments made under clause 2.01(a)iii are disregarded, and (B) any amounts so determined which are payable to the Beneficiaries that have been paid under clause 2.01(a)iii are paid instead to the Province (such payments being "**Subrogation Amounts**").

(b) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include the loss represented by the failure to receive the principal and interest itself.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[3] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall

[3] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Protection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation as provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[4]. For greater certainty, the obligations arising in respect of the Approved Obligation shall not be reduced by such payment as the Province shall become entitled to related Subrogation Amounts and the rights contemplated Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

[4] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred.

4.02 Adherence Conditions

There shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Funding Obligation. The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) OPG (acting in its capacity as FSM) delivers an officer's certificate addressed to the Indenture Trustee, prior to the earlier of (i) one Business Day prior to the incurrence of the Primary Obligation, and (ii) one Business Day after the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), confirming that OPG has delivered to the Province all certifications required by the Province in connection with the incurrence of the Primary Obligations; and [**NTD: does this work for derivatives? They are often priced at the same time they are entered into.**]

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be

subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[5]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution, delivery and performance of this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

[5] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[6]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by

[6] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity:

(a) upon the Province becoming aware of the occurrence of a Program Breach; and

(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred on or after the time such Suspension Notice is delivered.

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").[7]

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

[7] The suspension right in favour of the Province is intended to allow the Province to cut-off future obligations under this Agreement, but not affect rights that have arisen prior to the suspension notice. The termination notice is a further step that allows the Province to bring this agreement to an end, but that only happens (under section 9.01) after all amounts capable of becoming due under the Limited Guarantee have been paid (i.e., the last obligation incurred prior to the suspension notice has been satisfied), including as a result of an assumption under Art VI.

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their rights hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:

By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:

Title:

SCHEDULE A
DEFINED TERMS[8]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of any Payment Date, the aggregate of the Approved Obligation Amounts for such Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, in respect of any Payment Date and an Approved Obligation, either:

(a) if no Acceleration has occurred in respect of any Obligation Secured, the amount payable on such Payment Date in respect of the Approved Obligation determined on the assumption that there are adequate amounts available under the applicable provisions of the Trust Indenture to pay all amounts referred to in the applicable section in full; and

(b) if an Acceleration has occurred in respect of any Obligations Secured, the aggregate amount that would be payable on such Payment Date in respect of the Approved Obligation under the applicable provisions of the Trust Indenture determined on the assumption that Servicer CEA Collections in respect of each relevant month during each Reference Period from and after May, 2021 are equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

[8] Province should not have veto rights over changes to the defined terms in the MTI. Province is given sufficient notice of all amendments by the terms of the various agreements.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.][9]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

[9] Lawyers to discuss how to cleanse this Agreement of all references to the Process Agreement so that a copy of such agreement need not be provided to the rating agencies.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" means the has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM] as amended, supplemented, restated or otherwise modified from time to time.

["**Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured that has the effect of the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in Section 2.01(a)iv.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

[1] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

~~The FSM and the Province will concurrently enter into the Process Agreement, under which the FSM will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether< *the Adherence Conditions* >have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.~~

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the

case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised ~~through the Indenture Trustee~~ under, in accordance with and subject to the

limitations set forth in the Trust Indenture. ~~No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.~~

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the

Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, **substantially** in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay ~~the amount of~~ the Approved Obligations ~~that would have been payable from Available Collections had the Protection Event not occurred[3] from time to time by the Financing Entity~~< ~~*to the Indenture Trustee*~~ >~~as and when they become due and payable, without Acceleration. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation, without Acceleration, in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.~~**as provided in this Agreement. From and after the delivery of a Payment Demand, the Province shall make payments in respect of Approved Obligations and receive Subrogation Amounts in accordance with the following procedures (the "Limited Guarantee"):**

i. **One Business Day prior to each Payment Date when any payment or payments are to be made in respect of one or more Approved Obligations, the Manager shall advise the Province in writing of the Aggregate Approved Obligations Amount in respect of such Approved Obligations on such Payment Date.**

ii. **On each Payment Date the Province shall pay the Aggregate Approved Obligations Amount**> *to the Indenture Trustee* <**and**

[3] ~~The amount "owing" under an obligation (i.e., balloon) will different from the amount available to be paid in respect of such owed amount (based on Available Collections). The Province is not obligated to pay more than the obligations that would have been paid from CEAs had they been collected.~~

the Indenture Trustee shall deposit such amount to the Protection Account.

iii. **On each Payment Date, the Paying Agent shall apply the Aggregate Approved Obligations Amount deposited to the Protection Account to pay in full to the applicable Beneficiaries the Approved Obligation Amount of each Beneficiary payable on such Payment Date; provided that if for any reason the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount available shall be applied in the order of priority in which the applicable Approved Obligations are payable in the section of the Trust Indenture which would otherwise be applicable to the making of such payments.**

iv. **The Manager shall prepare payment instructions for the Payment Date under each section of the Trust Indenture applicable to the making of the payments under clause 2.01(a)iii allocating the amounts available to be allocated under each such section (which for greater certainty, are amounts other than the Approved Obligations Amounts) on the basis that: (A) for the purpose of determining the amount of the payment to each applicable Person (including the Beneficiaries of Approved Obligations), the payments made under clause 2.01(a)iii are disregarded, and (B) any amounts so determined which are payable to the Beneficiaries that have been paid under clause 2.01(a)iii are paid instead to the Province (such payments being "Subrogation Amounts").**

(b) ~~Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts that would have been payable from Available Collections had the Protection Event not occurred by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation, in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation, in each case by the Province depositing or causing the deposit of the applicable payment amount into the Protection Account[4] on or before the day on which the applicable Approved Obligation becomes due and payable in accordance with its terms (the "**Limited Guarantee**").~~ For greater certainty, the Limited

[4] ~~Province needs to see how the Trust Indenture will be modified to address addition of Protection Account (i.e., payment mechanics; Protection Account to be part of the Collateral; mechanics of how funds move to Collection Account; absence of equitable claims; etc.). Province will need to know that all amounts will be applied for their intended purposes without undermining Province's step-in and subrogation rights.~~

Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits~~.~~**; provided that, for greater certainty, economic loss shall not include the loss represented by the failure to receive the principal and interest itself.**

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[53] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new

[53] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Protection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation **as provided for in Section 2.01(a)**. Upon a payment having been made by or on behalf of the Province into the Protection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries **as provided for in Section 2.01(a)** and thereby reduce the amount due and payable to such Beneficiaries in respect of the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[64]. For greater certainty, the obligations arising in respect of the Approved Obligation shall not be reduced by such payment as the Province shall become entitled to **related Subrogation Amounts and** the rights contemplated ~~under~~ Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

[64] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries)

in its discretion may determine~~,provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained~~.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied **at the time the Primary Obligation was incurred**.

4.02 Adherence Conditions

~~The following~~**There** shall be ~~the~~**no** Adherence Conditions applicable in relation to a Primary Obligation **that is not a Funding Obligation. The following shall be**> *the Adherence Conditions* <**applicable in relation to a Primary Obligation that is a Funding Obligation**:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) ~~the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is~~

~~to be provided by such officers in their capacity as officers of OPG~~ **OPG** (acting in its capacity as FSM) ~~and~~**delivers an officer's certificate** addressed to the Indenture Trustee, prior to the earlier of (i) one Business Day prior to the incurrence ~~or any amendment~~ of the Primary Obligation, and (ii) ~~on~~**one Business Day after** the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), confirming that ~~the FSM~~**OPG** has delivered to the Province ~~a Process Certificate in accordance with Section **[3.01]** of the Process Agreement; and~~ **all certifications required by the Province in connection with the incurrence of the Primary Obligations; and [NTD: does this work for derivatives? They are often priced at the same time they are entered into.]**

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement. ~~7~~

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive ~~distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture~~**the related Subrogation Amounts**, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under

~~7 Province wants this mechanic embedded in the adherence conditions so it is explicitly understood and mechanically contemplated as the way the Province be sure future Limited Guarantees are cut off opposite the indenture trustee.~~

the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation **to the extent of the payment by the Province in respect of the Approved Obligation** as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) ~~(a)~~ The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated

to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[~~8~~5]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution, delivery and performance of this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee~~, in accordance with the terms of the Process Agreement,~~ that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[~~9~~6]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee

[~~8~~5] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.
[~~9~~6] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: ~~Need to move Article VI of the Change of Law Process Agreement into this Article VI and amend accordingly.~~[10] ~~Also, we will need to attach the form of Assumption Agreement as an Exhibit to this Agreement that will be used for the assignment and assumption of all Obligations Secured. Contrary to the statement in Section 6.02(f) of the Change of Law Protection Agreement, there will not be a separate form of Assumption Agreement for each Obligation Secured.~~[11] the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

~~[10] The idea was to not burden the external agreement with the necessary steps for the Province to be in a position to step in. If the preference is to include more in this external agreement, the Province will not object subject to further consideration of drafting issues.~~

~~[11] It has been assumed that there may be variations depending on the nature of the underlying obligations. A root form of Assumption Agreement, modified to conform substantially to that form in connection with a particular obligation, was the idea. To be further discussed.~~

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity:

(a) upon the Province becoming aware of the occurrence of a Program Breach; and

(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred on or after the time such Suspension Notice is delivered.

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").[~~12~~7]

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

[~~12~~7] The suspension right in favour of the Province is intended to allow the Province to cut-off future obligations under this Agreement, but not affect rights that have arisen prior to the suspension notice. The termination notice is a further step that allows the Province to bring this agreement to an end, but that only happens (under section 9.01) after all amounts capable of becoming due under the Limited Guarantee have been paid (i.e., the last obligation incurred prior to the suspension notice has been satisfied), including as a result of an assumption under Art VI.

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries ~~are not parties to this Agreement and accordingly any benefits derived~~**derive their rights** hereunder~~ shall arise exclusively~~ through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:

Title:

SCHEDULE A
DEFINED TERMS[8]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"Aggregate Approved Obligations Amount" means, in respect of any Payment Date, the aggregate of the Approved Obligation Amounts for such Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"Approved Obligation Amount" means, in respect of any Payment Date and an Approved Obligation, either:

(a) **if no Acceleration has occurred in respect of any Obligation Secured, the amount payable on such Payment Date in respect of the Approved Obligation determined on the assumption that there are adequate amounts available under the applicable provisions of the Trust Indenture to pay all amounts referred to in the applicable section in full; and**

(b) **if an Acceleration has occurred in respect of any Obligations Secured, the aggregate amount that would be payable on such Payment Date in respect of the Approved Obligation under the applicable provisions of the Trust Indenture determined on the assumption that Servicer CEA Collections in respect of each relevant month during each Reference Period from and after May, 2021 are equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period.**

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

[8] **Province should not have veto rights over changes to the defined terms in the MTI. Province is given sufficient notice of all amendments by the terms of the various agreements.**

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.][13][9]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

[13] Consider this longer version to avoid hard coding[9] Lawyers to discuss how to cleanse this Agreement of all references to the Process Agreement into this Agreementso that a copy of such agreement need not be provided to the rating agencies.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" means the has the meaning ascribed thereto in Section 2.01(~~b~~a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as ~~may be amended prior to the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~amended, supplemented, restated or otherwise modified from time to time.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~"**Noteholder**" ~~has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"Payment Date" has the meaning ascribed thereto in the Trust Indenture.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) ~~any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; (ii)~~ any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (~~iii~~ii) any amounts that would be

remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; ~~(iv) any amount payable under a Derivative Agreement in respect of a "termination payment" where the Financing Entity's counterparty under the Derivative Agreement is a "defaulting party" or the sole "affected party" (as such terms are given meaning under the Derivative Agreement); and (v~~**and (iii**) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM] **as amended, supplemented, restated or otherwise modified from time to time**.

["**Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction ~~(i)~~ determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured~~, and (ii) issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in~~ **that has the effect of** the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

~~"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"Subrogation Amounts" has the meaning ascribed thereto in Section 2.01(a)iv.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on November-16-17 8:18:56 PM

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Deleted cell	
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Moved to	2
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Total changes	167

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**")[1] is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[2]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[3]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

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[1] We do not believe OPG is entering into this Agreement as agent on behalf of the Trust. Rather, OPG is entering into this Agreement at the request of its shareholder, the Province, in order to satisfy the Province's reporting requirements regarding the Fair Hydro Plan.

[2] Blakes to advise what they would like to see as evidence of OPG's establishment of the Trust as a financing entity. OPG can send the Province the retainer of Computershare to act as issuer trustee to the Trust.

[3] Once agreements are settled, Province to provide draft notice.

All things necessary to make this Agreement a valid and legally binding agreement of OPG, and of the Province in accordance with the Act, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the

designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements (other than Funding Obligation Agreements), if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;[4]

(B) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iii) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

[4] Note to the Province: This change was made to ensure that the Province does not have veto rights over the financial terms of the Funding Obligations (consistent with the overall agreement including in particular sections 3.01 and 3.04(a)).

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation, and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:[5]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made

[5] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgment

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG are authorized to deliver the certificate referred to in Subsection **[4.02(b)]** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered to the Province all certifications required by the Province in connection with the incurrence of the Primary Obligations in respect of which such certificate is delivered.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to

Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on

the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result

in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution, delivery and performance of this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
ELECTION TO ASSUME APPROVED OBLIGATIONS[6]

[6] Note: Lawyers to discuss assumption mechanics.

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to OPG a notice in the form of Exhibit A (an "**Exploration Notice**"). The Exploration Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Exploration Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Exploration Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Within 30 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends

that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall use its commercially reasonable efforts to cause the Financing Entity to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, **[other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement][NTD: Subject to the input of the dealers.]**

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to OPG, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.[7]

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

[7] The Indenture Trustee was removed as a party to this Agreement as it is not subject to any of the provisions in this Agreement.

SCHEDULE A
DEFINED TERMS[8]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement. **[NTD: To confirm if Change of Law Protection Agreement will attach a form of assumption.]**

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

[8] Province should not have veto rights over changes to defined terms in the MTI. Province is given sufficient notice of all amendments by the terms of this Agreement.

these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Exploration Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement but, for greater certainty, excludes the "other amounts owing in respect of the funding obligations" in Section 2(2) of the General Regulation.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF EXPLORATION NOTICE

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.~~[, AS FINANCIAL SERVICES MANAGER[1]]~~

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

[1] ~~OPG to consider if this agreement should form part of the overall covenant pattern (Program Agreement). We assume not. If OPG signs as FSM, consider the potential impact on the Trust, if the FSM is considered to be contracting on behalf of the Trust as principal. The intention was to keep these terms 'behind the scenes' and as between OPG and the Province.~~

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**")~~[, as Financial Services Manager for the Financing Entity in accordance with the Act,]~~[1] is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[2]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions ~~at the time the Approved Obligation is incurred or amended~~.

Prior to entering into this Agreement, ~~the [FSM]~~**OPG** provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to ~~[the FSM]~~**OPG** that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[3]

This Agreement sets out the obligations ~~[the FSM]~~**OPG** has agreed to perform and assurances ~~[the FSM]~~**OPG** has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied~~< *in connection with the incurrence* >or amendment of an Approved Obligation~~, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

[1] We do not believe OPG is entering into this Agreement as agent on behalf of the Trust. Rather, OPG is entering into this Agreement at the request of its shareholder, the Province, in order to satisfy the Province's reporting requirements regarding the Fair Hydro Plan.

[2] Blakes to advise what they would like to see as evidence of OPG's establishment of the Trust as a financing entity. OPG can send the Province the retainer of Computershare to act as issuer trustee to the Trust.

[3] Once agreements are settled, Province to provide draft notice.

All things necessary to make this Agreement a valid and legally binding agreement of ~~[the FSM]~~**OPG**, and of the Province in accordance with the Act, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the

designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

~~**1.10 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement**~~

~~This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.~~

1.10 ~~1.11~~ Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 ~~1.12~~ Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF ~~[THE FSM]~~OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, ~~[the FSM]~~OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, ~~[the FSM]~~OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, ~~[the FSM]~~OPG shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, ~~[the FSM]~~OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) Promptly upon request, ~~[the FSM]~~OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) ~~[The FSM]~~OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements **(other than Funding Obligation Agreements)**, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;[4]

~~(B) consent to the resignation of the Manager under the Management Agreement; or~~

(B) ~~(C)~~ permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) ~~[The FSM]~~**OPG** shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iii) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement **nor in the Change of Law Protection Agreement** shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 **(as amended, the "Indemnity Agreement")** and to the extent of any conflict between this Agreement**, the**

[4] **Note to the Province: This change was made to ensure that the Province does not have veto rights over the financial terms of the Funding Obligations (consistent with the overall agreement including in particular sections 3.01 and 3.04(a)).**

Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify ~~the FSM~~**OPG**, the ~~latter~~**Indemnity Agreement** shall prevail. ~~[For clarity, OPG's obligations under this Agreement are solely in its capacity as the FSM.]~~

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

~~[The FSM]~~**OPG** shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a ~~Primary~~**Funding** Obligation, and (ii) on the Business Day on which the financial terms of such ~~Primary~~**Funding** Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such ~~Primary~~**Funding** Obligation: [5]

(a) the material terms of the ~~Primary~~**Funding** Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the ~~Primary~~**Funding** Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

[5] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

(d) a statement confirming that any disclosure made in respect of the ~~Primary~~**Funding** Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Primary~~**Funding** Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination ~~and the Province provided its written consent to such use or dissemination~~, other than where such disclosure was substantially the same as a disclosure previously made ~~and for which the Province had previously provided its written consent~~;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the ~~Primary~~**Funding** Obligation is incurred ~~or amended~~, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the ~~Primary~~**Funding** Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars ~~and in respect of which~~**will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:**

(i) **where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the** >*hedged value expressed in*< **Canadian dollars; and**

(ii) **where** a Derivative Agreement has **not** been entered into to hedge related currency exposures**, Repayments under such obligations** shall be valued ~~for this purpose~~ on the basis of the <~~*hedged value expressed in*~~>**noon spot rate for conversions of any currencies into** Canadian dollars ~~for so long as such Derivative Agreement is in good standing~~.

3.02 Acknowledgment

The ~~parties acknowledge that~~**Province acknowledges and agrees that, concurrent with the delivery of** the Process Certificate ~~is the "process~~**pursuant to Section 3.01 of this Agreement, any two senior officers of OPG are authorized to deliver the** certificate~~"~~ referred to in Subsection **[4.02(b)]** of the Change of Law Protection Agreement **to the Indenture Trustee confirming that OPG has delivered to the Province all certifications required by the Province**> *in connection with the incurrence* <**of the Primary Obligations in respect of which such certificate is delivered**.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to ~~[the FSM]~~**OPG**; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to ~~[the FSM]~~**OPG**.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently ~~with the consent of the Province~~ if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further

Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars ~~and in respect of which~~**will be valued at the time to be determined**> *for the purposes of this Section 4.01*< **in accordance with the following:**

(i) **where** a Derivative Agreement has been entered into to hedge related currency exposures ~~shall be valued~~<~~*for the purposes of this Section 4.01*~~>**, Repayments under such obligations shall be valued** on the basis of the hedged value expressed in Canadian dollars ~~for so long as such Derivative Agreement is in good standing.~~**; and**

(ii) **where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.**

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of ~~[the FSM]~~OPG

~~[The FSM]~~**OPG** represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) ~~OPG has been validly appointed, and has irrecovably accepted such appointment, as the FSM in accordance with the Act.~~ OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or

any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution, delivery and performance of this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
ELECTION[2] TO ASSUME APPROVED OBLIGATIONS[6]

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to ~~[the FSM]~~**OPG** a notice in the form of Exhibit A (an "~~**Election Notice**~~"), ~~which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election~~**Exploration Notice"). The Exploration** Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the ~~Election~~**Exploration** Notice to ~~[the FSM]~~**OPG** (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the ~~Election~~**Exploration** Notice to ~~[the FSM], [the FSM]~~**OPG, OPG** shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

~~[2] OPG's proposal to move Art VI to the Protection Agreement is not consistent with the original basis for the Process Agreement – to keep the details and plumbing out of the "external" document. If we move toward putting all of this into the Protection Agreement, it will raise additional drafting issues (e.g., we will have to have a parallel "Breach Event" concept in the Protection Agreement that will deal with these sorts of undertakings and allow for a suspension of the Limited Guarantee). OPG to advise if that approach is preferred.~~

[6] Note: Lawyers to discuss assumption mechanics.

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; **and**

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and.

(f) the form of Assumption Agreement in respect of the assignment and assumption of all Obligations Secured attached as Exhibit E to the Change of Law Protection Agreement.[3]

6.03 Settlement of Terms

Within 30 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

6.04 Cooperation to Implement the Assignment and Assumption

[The FSM]**OPG** shall cooperate with the Province and**, as FSM,** will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

[3] Torys to provide a draft of the proposed form of global Assumption Agreement for all Obligations Secured. The Province may be guided by OPG on this, but we note that it seems simplistic to think that the same assumption agreement will work for swaps, debt and service obligations.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, ~~[the~~**OPG, as** FSM~~]~~**,** shall **use its commercially reasonable efforts to** cause the Financing Entity to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, **[other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement**~~.[4]~~**][NTD: Subject to the input of the dealers.]**

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of ~~[the FSM]~~**OPG** under this Agreement, which continues for thirty (30) days after written notice by the Province to ~~[the FSM]~~**OPG** of such default or breach;

(b) any representation or warranty made by ~~[the FSM]~~**OPG** in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to ~~[the FSM]~~**OPG** of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

~~[4]The Trust Indenture will need to permit the obligations of the Financing Entity to the Indenture Trustee and the Noteholders to be assigned to and assumed by the Province in accordance with an assumption agreement, substantially in a form of agreement to be set out in an exhibit to the Trust Indenture. The Province agrees that the same form of the assumption agreement should also be an exhibit to the Change of Law Protection Agreement. The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.~~

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to ~~[the FSM]~~**OPG**, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, ~~[the FSM]~~**OPG** and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to ~~the FSM~~**OPG**:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.~~, [AS FINANCIAL SERVICES MANAGER TO THE FINANCING ENTITY]~~

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.[7]

COMPUTERSHARE TRUST COMPANY OF CANADA, ~~**AS TRUSTEE OF**~~**in its capacity as trustee of FAIR HYDRO TRUST , as Issuer**

By: **ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager**

By: _____

Name:
Title:

~~**BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY**~~

By: _____

Name:
Title:

[7] **The Indenture Trustee was removed as a party to this Agreement as it is not subject to any of the provisions in this Agreement.**

SCHEDULE A
DEFINED TERMS[8]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in ~~Section 6.01.~~**the Change of Law Protection Agreement. [NTD: To confirm if Change of Law Protection Agreement will attach a form of assumption.]**

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[8] **Province should not have veto rights over changes to defined terms in the MTI. Province is given sufficient notice of all amendments by the terms of this Agreement.**

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"~~**Election**~~**Exploration Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement **but, for greater certainty, excludes the "other amounts owing in respect of the funding obligations" in Section 2(2) of the General Regulation**.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount ~~[~~referenced as the Program Agreement Maximum **and determined** in accordance with Article IV~~]~~.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

~~"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including

any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ~~ELECTION~~EXPLORATION NOTICE

Document comparison by Workshare Compare on November-16-17 8:14:42 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24491039/1
Description	#24491039v1<TorysAtWork> - Process Agreement (Torys'CommentsNov15)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24491039/2
Description	#24491039v2<TorysAtWork> - Process Agreement (OPG/Torys'CommentsNov16)
Rendering set	strikeout-colour

Legend:	
Insertion	
~~Deletion~~	
<~~*Moved from*~~ >	
>*Moved to* <	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	122
Deletions	106
Moved from	3
Moved to	3
Style change	0
Format changed	0
Total changes	234

From:	Hanslep, Malle (MOF)
To:	Mike Manning; Ken Kandeepan; Gadi Mayman; Ronald Kwan
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: Change of Law Protection Agreement
Date:	Thursday, November 16, 2017 8:27:41 PM

Fyi - awaiting a further version.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-16-17 6:51 PM
To: 'Milligan, Peter'; ASHBOURNE, STEPHEN; Sebastiano, Rocco; Ramchandani, Rima; VINER, JON; PRESTAGE, JA; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY)
Cc: Feldman, Michael; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement

Hi all – some conforming changes need to be made to the Protection Agreement to reflect the changes proposed in the Process Agreement. Torys will circulate a revised draft of both Agreements shortly. Thanks,

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: November-16-17 6:34 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Ramchandani, Rima <rramchandani@torys.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; Niehaus, Katrina <Katrina.Niehaus@gs.com>; Delaney, Brian <Brian.Delaney@gs.com>; Conner, Robbin <Robbin.Conner@gs.com>
Subject: Change of Law Protection Agreement

Attached is a comment draft of the Change of Law Protection Agreement prepared by Osler. This

comment draft has not been reviewed by the dealers and is subject to any comments the dealers may have.

Peter

OSLER

Peter Milligan

416.862.6634 DIRECT
416.862.6666 FACSIMILE
pmilligan@osler.com

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

osler.com
[osler.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, November 14, 2017 8:30 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Ramchandani, Rima <rramchandani@torys.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John - TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; Niehaus, Katrina <Katrina.Niehaus@gs.com>; Delaney, Brian <Brian.Delaney@gs.com>; Conner, Robbin <Robbin.Conner@gs.com>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find attached revised versions of the Protection and Process Agreements. The blacklines show changes to the November 2nd (Province/Blakes) and November 8th (OPG/Dealers/Osler/Torys) circulated versions. In the interest of time, these versions are being circulated at the same time to the Province and so remain subject to comment. Please let us know if you have any comments or concerns. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Thursday, November 09, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.

The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.

Regards, Rocco

OSLER

Rocco Sebastiano
Partner

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rsebastiano@osler.com

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Hill, Krista <khill@torys.com>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Ken Kandeepan; Ronald Kwan; Mike Manning; Anna Strathy; John Kim
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: Change of Law Protection and Process Agreements
Date:	Tuesday, November 28, 2017 11:03:37 AM
Attachments:	Process Agreement - BL v Torys draft.pdf Protection - BL v previous Province draft.pdf Process Agreement - BL v previous Province draft.pdf Protection Agreement - BL v Torys draft.pdf 23239361-v17-Change of Law - Process Agreement.DOCX 23239360-v20-Change of Law Protection Agreement.DOCX

Hi,

In the interests of time, I am passing on these revised drafts to you. We will be reviewing these.

Thanks.

Malle

From: VINER, JON [mailto:JON.VINER@blakes.com]
Sent: November 28, 2017 10:55 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY)
Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PRESTAGE, JA; PALMER, AARON
Subject: Change of Law Protection and Process Agreements

All,

Please find attached clean and blacklined copies of the updated Change of Law agreements. The agreements reflect yesterday's discussions and Malle's update note to Blakes following discussions with Gadi.

For assistance in your review, I have attached blacklines against (i) Torys' drafts sent over on November 24th; and (ii) the previous drafts of the Province prior to Torys' mark-up (dated November 21st). I would recommend to review against the previous Province drafts as this would allow you to ignore the distractions and re-opened points that were inserted into the November 24th drafts.

While we have cut down on the internal footnotes, you will notice a handful of points for your specific consideration, including the following:

1. **Definition of Certified Primary Obligation (Footnote 7 in the Protection Agreement)**
   - Please confirm that you are satisfied with the scope of Certified Primary Obligations, particularly prong (ii) (pertaining to ISDA Master Agreements, but not trade confirmations) and prong (iii) (pertaining to contracts that must (A) have a term > 3 years; (B) have aggregate payments >$5M; and (C) not be terminable on 3 years notice or less, before they are considered "Certified Primary Obligations")

2. **Definition of "Executive Officer" (Footnote 8 in the Protection Agreement)**
   - Please confirm that you are satisfied with the definition of "Executive Officer". Executive Officers would sign the Process Certificate (under the Process Agreement) as well as the adherence certificate (under the Protection Agreement).

3. **Monetary threshold for funding obligations to require a Process Certificate (Section 3.01 of the Process Agreement)**

- The Province's previous draft of the Process Agreement (dated November 21) required a Process Certificate to be delivered on the incurrence or amendment of a Funding Obligation, other than a Funding Obligation that does not exceed a certain dollar threshold amount.
- As we have reverted to this drafting in the attached, please consider the dollar threshold amount for delivery of a Process Certificate.

Once you have had a chance to review, please let us know if you would like to discuss these drafts.

Kind regards,
Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

———————————

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of ~~Primary~~ Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents ~~listed on Exhibit "A"~~, and the Province has not objected to such forms ~~and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement~~.

~~Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "**Initial Financing Plan**"), and the Province has not objected to such Initial Financing Plan.~~

~~Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the 24 month period following the date hereof (the "**Initial Forecast Period**"); and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "**Initial Protection Agreement Maximum**").~~[3]

[2] ~~We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.~~

[3] ~~Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.~~

~~The Province has not objected to the Initial Forecast and the Initial Protection Agreement Maximum on the basis that (i) there does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.~~

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect,

including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof.

To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise

expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the ~~Initial~~ Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event[5] (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

~~(c) For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.[6]~~

(c) ~~(d)~~ Nothing in this Agreement ~~nor in the Change of Law Protection Agreement~~[7] shall limit the obligations of the Province under the Indemnity Agreement by the

[4] ~~Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.~~

[5] ~~OPG is not in a position to be aware of events that may lead to a Protection Event.~~

[6] ~~We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.~~

[7] ~~This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.~~

Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement~~, the Change of Law Protection Agreement~~ and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[8]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment[2] of a ~~Certified Primary Obligation~~Funding Obligation, other than any Funding Obligation under which not more than $• in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the ~~Certified Primary~~Funding Obligation), setting out the following with respect to such ~~Certified Primary~~Funding Obligation:

(a) the material terms of the ~~Certified Primary~~Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a ~~Master~~Derivative Agreement[9]~~, events of default, termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation)~~, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

[8] ~~The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under the Protection Agreement. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to the adherence conditions may not be clear.~~

[2] **Note to Province:** Please confirm that the timing of the delivery of the Process Certificate is satisfactory to you. The Process Certificate is delivered "on or before" incurrence or amendment. If preferable, we can revert back to the prior timing, which was delivery on the earlier of incurrence/ amendment, or pricing.

[9] ~~Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.~~

(c) ~~(b)~~ a statement to the effect that: (i) the ~~Certified Primary~~Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) ~~(c)~~ a statement confirming that any disclosure made in respect of the ~~Certified Primary~~Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Certified Primary~~Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) ~~(d)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) ~~(e)~~ confirmation that, at the time the ~~Certified Primary~~Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the ~~Certified Primary~~Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the then applicable Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement[10] regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection [4.02(b)]** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection [4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection [4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.[11]

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section 7.01]** of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 ~~3.03~~ Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(~~b~~c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

[10] OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.

[11] Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.

3.05 ~~3.04~~ Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(~~b~~c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01~~ or Article VI~~]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ or upon the assumption of obligations in accordance with [Article VI] of the Change of Law Protection Agreement~~; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum~~12~~

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

~~12 Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.~~

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(a)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) ~~(b)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~a~~c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) ~~(c)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in

the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
~~PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS~~[13] BREACH EVENTS

6.01 ~~Election by the Province~~Breach Events

~~Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit "D" (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date or dates on which the Province proposes to assume the Obligations Secured referred to in this Section 6.01, which date or dates shall be no earlier than 60 days[14] following delivery of the Election Information Notice to OPG (with respect to each such Obligation Secured, the "**Proposed Assumption Date**").~~

~~6.02 Details regarding Obligations Secured~~

~~Within 10 Business Days following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:~~

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) ~~a summary of the amounts that will be owing under the Obligations Secured referred to in Section 6.01 as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under such Obligations Secured;~~a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

~~(b)~~ ~~a summary of the rights arising under the Obligations Secured referred to in Section 6.01 that permit the Province to assume such Obligations Secured, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;~~

~~(c)~~ ~~current versions of all documentation under which the Obligations Secured referred to in Section 6.01 arise;~~

~~[13] Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).~~

~~[14] This process will take time and require appropriate notice to holders of the applicable Obligations Secured.~~

~~(d)~~ ~~copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured referred to in Section 6.01 by the Province; and~~

~~(e)~~ ~~all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.~~

~~6.03~~ **~~Settlement of Terms~~**

(b) ~~Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured referred to in Section 6.01 and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.~~any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

~~6.04~~ **~~Cooperation to Implement the Assignment and Assumption~~**

(c) OPG ~~shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured referred to in Section 6.01 by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.~~is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII[15]
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

[15] Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence of an event described~~has the meaning ascribed thereto in Section ~~**[8.01(b) or (c)]** of the Change of Law Protection Agreement.~~ 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" ~~means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

~~[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?~~
~~[17] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

~~"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Executive Officer**" has the meaning ascribed thereto in the ~~*Securities Act* (Ontario)~~Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~a~~c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Initial Financing Plan**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Initial Forecast**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

~~"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~18~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Master Agreement**" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.~~

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

~~18 Definition of Legislature not used here.~~

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"~~**Proposed Assumption Date**~~**Program Breach**" has the meaning ascribed thereto in ~~Section 6.01~~the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03~~3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04~~3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement;

(vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to ~~a~~an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

~~**EXHIBIT "A"**~~
~~**INITIAL REFERENCE DOCUMENTATION**~~

- ~~Declaration of Trust;~~
- ~~Management Agreement;~~
- ~~Master Transfer and Servicing Agreement;~~
- ~~Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;~~
- ~~Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;~~
- ~~Trust Indenture;~~
- ~~Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;~~
- ~~Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and~~

- ~~Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.~~

~~[NTD: List above to be confirmed.]~~

~~**EXHIBIT "B"**~~
~~**INITIAL FINANCING PLAN**~~

~~**(see attached)**~~

~~**EXHIBIT "C"**~~
~~**INITIAL FORECAST**~~

~~**(see attached)**~~

~~**EXHIBIT "D"**~~
~~**FORM OF ELECTION INFORMATION NOTICE**~~

~~**[NTD: Blakes to provide draft.]**~~

Document comparison by Workshare Compare on Tuesday, November 28, 2017 10:34:22 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/15
Description	TOR_2528-#23239361-v15-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/17
Description	TOR_2528-#23239361-v17-Change_of_Law_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	72
Deletions	153
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	235

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[~~1~~2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal. **Note to Torys:** Logistics of closing are under consideration.

[~~1~~] ~~Torys and Blakes to discuss signatory~~[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would ~~propose to do the same on the change of law agreement~~like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[~~2~~]3 dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations ~~Secured~~ that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence

[~~2~~] ~~Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.~~

[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

Conditions at the time the Approved Obligation is incurred ~~or amended~~. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR

OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest

calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able

on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than ~~[~~3~~]~~ Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement~~, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**")~~ setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved

Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) ~~(i)~~ the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) ~~(ii)~~ the Province shall be paid the ~~amount by which~~lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(~~i~~A), ~~exceeds~~and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(C) ~~(iii)~~ no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(~~ii~~B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or

reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(v)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any

amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[3] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in

[3] ~~Mechanics of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.~~

respect of the Approved Obligation to the extent so paid[4]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment,

[4] ~~A corresponding provision needs to be added to the Trust Indenture and each other Funding Obligation Agreement under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.~~

decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations~~, or until the Province is no longer required to provide and perform the Limited Guarantee~~ in accordance with Section ~~6.03 or Section 8.02~~.8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions[5]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation ~~other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity~~:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG ~~(or their respective designees, provided that such designees are executive officers of OPG and,~~ , or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, ~~one Business Day prior to the Financing Entity entering into or becoming bound by the related Funding Obligation Agreement~~on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, ~~(or their respective designees, provided that such designees are executive officers of OPG and,~~ or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in

[5] ~~Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors.~~

connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a ~~Funding~~Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the ~~Funding~~Certified Primary Obligation, as such ~~Funding~~Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b~~)(x~~) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests

(including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities),** **Section ~~7.11~~7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits),** ~~**Sections 7.04 and 8.13 (Payment Priorities),**~~ **Section 8.14 (Limited Recourse), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)** ~~**thereof]**~~ ~~and (ii~~**]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section ~~9.02~~8.02.[6]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in

[6] ~~Section to be updated to conform with section in the Trust Indenture once settled.~~

respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section ~~2.01.~~7.1(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~**ARTICLE VI**~~
~~**NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED**~~

~~**6.01 Delivery of Assumption Notice**~~

~~Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").~~

~~**6.02 Cooperation to Implement the Assignment and Assumption**~~

~~The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.~~[7]

~~**6.03 Effect of Assumption**~~

~~On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to~~

~~[7] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.~~

~~and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom.~~ ~~**[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**~~

~~6.04 Interim Period~~

~~Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.~~

~~6.05 Rights in respect of the Assets Comprising the Collateral~~

~~Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.~~

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals ~~or Issuance of Notes~~

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 ~~7.03~~ Representations and Covenants of the Indenture Trustee[4]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

~~(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;~~

~~(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and~~

(b) ~~(d)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII~~ARTICLE VIII~~
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 ~~8.01~~ Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

[4] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

Thethe Province may, at any time and for any reason, declare that the Limited Guarantee under this Agreement shall not apply to any Obligation SecuredPrimary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, by delivering a written notice in the form of Exhibit CB (a "**Suspension Notice**") to the Province to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 8.02 Suspension

If a Suspension Notice has been provided under Section 8.017.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered.

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

7.03 8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish

the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI~~.

ARTICLE VIII~~ARTICLE IX~~
MISCELLANEOUS

8.01 ~~9.01~~ Term of Agreement

~~This Agreement will continue until the later of:~~

~~(a)~~ ~~the~~ This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee~~; and~~.

~~(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.~~

8.02 ~~9.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~

~~Email: [■]~~592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: ~~[■]~~Manager, Corporate Trust
Fax: (416) ~~[■]~~981-9777
Email: ~~[■]~~corporatetrust.toronto@computershare.com

~~[■]~~

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189

~~Email: [■]~~

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

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

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 ~~9.07~~ Intentionally Deleted

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, ~~[~~BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER~~]~~[8]

By: _____
Name:
Title:
By: _____
Name:
Title:

~~8 [To be discussed.]~~

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, ~~means~~ the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month [during each Reference Period ~~from and after May, 2021~~][9] is equal to the [estimated ~~finance amount~~Finance Amount determined in respect of such Reference Period ~~pursuant to~~for purposes of section •15(1) of the ~~General Regulation (as set forth~~Act (in effect on

[9] ~~What about earlier periods? Are the earlier periods covered at all, or is the intention that they would be determined without regard to the acceleration mechanics of the Regulation?~~

the date hereof)~~]~~[10][5] divided by the number of months in such Reference Period.

~~"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.~~

~~"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments

[10] ~~This needs to tie into the "estimated finance amount" determined under the General Regulation applicable during the Reference Period~~[5] **Note to Province**: MOE should confirm that this captures the limitations contemplated in connection with any "acceleration" under the revised Regulation. Consider whether it is necessary to refer specifically to the Regulation to avoid any disconnect, and to tie-in specifically to the context of the acceleration scenario applicable at the time.

[6] **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to Province:** Please advise. We may respond that to extent the draw is a Certified Primary Obligation, we would like to maintain the process set out in this Agreement.

by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed thereto in National Instrument 51-102 – *Continuous Disclosure Obligations*.[8]

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with~~has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing

[7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

[8] **Note to Torys:** We have used the definition from NI 51-102 as there is only a definition of "officer" (but not "executive officer") in the OSA. **Note to Province:** Province to confirm that scope is acceptable. In NI 51-102, "Executive officer" means an individual who is (a) a chair, vice-chair or president; (a.1) a chief executive officer or chief financial officer; (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or (c) performing a policy-making function in respect of the issuer". If you prefer, we may use the definition of "officer" from the *Securities Act*. "Officer" means (a) a chair or vice-chair of the board of directors, a chief executive officer, a chief operating officer, a chief financial officer, a president, a vice-president, a secretary, an assistant secretary, a treasurer, an assistant treasurer and a general manager; (b) every individual who is designated as an officer under a by-law or similar authority of the registrant or issuer, and (c) every individual who performs functions similar to those normally performed by an individual referred to in clause (a) or (b).

Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, ~~the trustee of the~~ and thereafter "Financing Entity ~~at~~Trustee" means and includes such ~~time~~Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

~~"**General Regulation**" means O. Reg. 206/17 made under the Act.~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

~~"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account~~,~~ or Finance Reserve Account~~, or Supplemental Reserve Account~~; and (ii) any ~~amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust~~obligation to pay the Financing Entity or on the ~~Trust~~Financing Entity's direction any remaining amounts ~~of Available Collections.~~in the Collection Account pursuant to the Trust Indenture.[9]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

[9] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Pay ment Date.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[10]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the ~~[~~Crown~~]~~, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

[10] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in ~~in~~ the General Regulation as of the date hereof.[11]

~~"**Repayment**" has the meaning ascribed thereto in the General Regulation.~~

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

~~"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.~~

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[11] **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended f unding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Province**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. Consider if further discussion is required and MOE to specifically confirm understanding of the Regulation on this point.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

~~**EXHIBIT A.1**~~
~~**FORM OF GUARANTOR SETTLEMENT STATEMENT**~~

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

~~**EXHIBIT C**~~

~~**SUSPENSION NOTICE**~~**DATED** as of the [■] day of [■], [■].

~~**EXHIBIT D**~~
~~**TERMINATION NOTICE**~~

~~**EXHIBIT E**~~

~~**FORM OF ASSUMPTION AGREEMENT**~~

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on Tuesday, November 28, 2017 10:35:57 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/17
Description	TOR_2528-#23239360-v17-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/20
Description	TOR_2528-#23239360-v20-Change_of_Law_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	176
Deletions	180
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	366

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

[1] ~~Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.~~

[2] ~~Lawyers to discuss.~~

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[3];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

[3] Added to address the scenarios contemplated in 2.01(e).

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement [nor in the Change of Law Protection Agreement][4] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[5]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on the earlier of (i) one Business Day prior to or before the incurrence or any amendment[2] of a Funding Obligation, (other than any Funding Obligation under which not more than $■• in the aggregate may become payable by the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities (provided that delivery may not be more than 5 Business Days before the incurrence or

[4] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention.

[5] OPG/Dealers have indicated that "The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province has asked Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors.

[2] **Note to Province:** Please confirm that the timing of the delivery of the Process Certificate is satisfactory to you. The Process Certificate is delivered "on or before" incurrence or amendment. If preferable, we can revert back to the prior timing, which was delivery on the earlier of incurrence/ amendment, or pricing.

amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the then applicable Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on

the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Delivery of a Suspension Notice~~ Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section ~~8.01~~3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement~~,~~ to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection 4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section** ~~8.01~~**7.01]** of the Change of Law Protection Agreement unless ~~any of the following circumstances~~a Program Breach or a Breach Event has occurred~~:~~.

~~(a) a Program Breach; and~~

~~(b) a Breach Event.~~

3.04 ~~3.03~~ Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 ~~3.04~~ Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01~~ or Article VI~~]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement~~; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG

shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is ~~not less~~more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is ~~not less~~more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection

Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may

limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~ARTICLE VI~~
~~PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS~~[6]

~~6.01 Election by the Province~~

~~Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").~~

~~6.02 Details regarding Obligations Secured~~

~~Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:~~

~~(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;~~

~~(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;~~

~~(c) current versions of all documentation under which the Obligations Secured arise;~~

~~(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or~~

~~[6] Note: Lawyers to discuss assumption mechanics.~~

the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that

~~arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.~~[7]

ARTICLE VI~~ARTICLE VII~~
BREACH EVENTS

6.01 ~~7.01~~ Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII~~ARTICLE VIII~~
MISCELLANEOUS

7.01 ~~8.01~~ Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 ~~8.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business

~~[7] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.~~

Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189
~~Email: [■]~~

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~8.02~~7.02.

7.03 ~~8.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section ~~8.03~~7.03 shall be null and void.

7.04 ~~8.04~~ Enurement

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

7.05 ~~8.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 ~~8.06~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under this Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under this Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.~~has the meaning ascribed thereto in Section 6.01.

~~has the meaning ascribed thereto in Section 7.01.~~

~~"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"~~**Election Information Notice**~~**Executive Officer**" has the meaning ascribed thereto in ~~Section 6.01~~the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)~~.~~

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)~~.~~

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~"**Legislature**" means the Legislature of the Province of Ontario.~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" ~~means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.~~

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03.~~3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04.~~3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons

having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

~~**EXHIBIT A**~~
~~**FORM OF ELECTION INFORMATION NOTICE**~~

~~EXHIBIT B~~

~~FORM OF BREACH EVENT SUSPENSION NOTICE~~

Document comparison by Workshare Compare on Tuesday, November 28, 2017 10:32:18 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/14
Description	TOR_2528-#23239361-v14-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/17
Description	TOR_2528-#23239361-v17-Change_of_Law_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	55
Deletions	103
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	160

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal. **Note to Torys:** Logistics of closing are under consideration.

[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a

Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder ~~(a "**Guarantor Settlement Statement**")~~[4] .

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is

[4] ~~Given timing, we would appreciate if the parties did not negotiate this form now.~~

insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(A), and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and[5]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in,

[5] ~~We thought this section required tweaking to reflect the intention of the parties.~~
~~23239360.17~~23239360.20

to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(~~iv)(B~~v)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section ~~9.01~~8.01.[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

[6] ~~We made this change to be consistent with the termination clause in section 9.01.~~

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, ~~agrees~~designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions[7]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has ~~provided to the Province all certifications required by~~delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the ~~incurrence of such~~adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

[7] ~~We would propose that the certification in section 4.02(b) of the Protection Agreement track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province.~~

[8] ~~We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.~~

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the ~~incurrence of a~~adherence of the Limited Guarantee to the Certified Primary Obligation.[9]

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or

[9] ~~This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.~~

counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section ~~9.02.~~[10]8.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee ~~or~~and subrogee~~, as applicable,~~ of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section ~~2.01.~~7.1(d) of the Trust Indenture.

[10] ~~These changes were made to conform to the latest draft of the Trust Indenture, a copy of which will be circulated soon.~~

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~**ARTICLE VI**~~
~~**NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED**[11]~~

~~**6.01 Delivery of Assumption Notice**~~

~~Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of such Obligations Secured will be effective (each such date being an "**Assumption Closing Date**").~~[12]

~~**6.02 Cooperation to Implement the Assignment and Assumption**~~

~~The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province by the applicable Assumption Closing Date.~~

~~**6.03 Effect of Assignment and Assumption**~~

~~On the date that the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under such Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater~~

~~[11] Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.~~

~~[12] It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).~~

~~certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom.~~

~~6.04 Interim Period~~

~~Until the effective time of the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee with respect to those Obligations Secured.~~

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 ~~7.03~~ Representations and Covenants of the Indenture Trustee~~13~~[4]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

~~13~~[4] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

ARTICLE VII~~ARTICLE VIII~~
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 ~~8.01~~ Suspension Notice

Upon:

(a) a Program Breach;~~ or~~

(b) a default in the performance, or breach, of any covenants ~~or representations of the FSM~~of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with ~~an incurrence or amendment of Primary Obligations~~its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to ~~the FSM~~OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) ~~(c)~~ the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, by delivering a written notice in the form of Exhibit ~~C~~B (a "**Suspension Notice**")~~ to the Province~~ to the Indenture Trustee, the FSM and the Financing Entity.[15]

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative

~~[14] We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

~~[15] OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.~~

for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 ~~8.02~~ Suspension

If a Suspension Notice has been provided under Section ~~8.01~~7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred[16] or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied. ~~For greater certainty, the rights of the Province under Article VI shall apply in respect of the Obligations Secured referenced in Section 6.01, including if incurred on or after the time such Suspension Notice is delivered.~~[17]

7.03 ~~8.03~~ No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ARTICLE VI~~.

ARTICLE VIII~~ARTICLE IX~~
MISCELLANEOUS

8.01 ~~9.01~~ Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 ~~9.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf

~~[16] We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

~~[17] We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.~~

of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

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

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 ~~9.07~~ Intentionally Deleted

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of ~~the~~a Certified Primary ~~Obligations~~Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof)[5] divided by the number of months in such Reference Period.

[5] **Note to Province**: MOE should confirm that this captures the limitations contemplated in connection with any "acceleration" under the revised Regulation. Consider whether it is necessary to refer specifically to the Regulation to avoid any disconnect, and to tie-in specifically to the context of the acceleration scenario applicable at the time.

~~"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the applicable Supplemental Indenture or Loan Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of assumption agreement set forth in the applicable Supplemental Indenture or Loan Agreement.~~

~~"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that ~~are payment obligations that~~ are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,~~18~~[6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).~~19~~[7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

~~18~~[6] **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to Province:** Please advise. We may respond that to extent the draw is a Certified Primary Obligation, we would like to maintain the process set out in this Agreement.

~~19~~ ~~This~~[7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed thereto in ~~the *Securities Act* (Ontario).~~National Instrument 51-102 – *Continuous Disclosure Obligations*.[8]

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.~~20~~

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

[8] **Note to Torys:** We have used the definition from NI 51-102 as there is only a definition of "officer" (but not "executive officer") in the OSA. **Note to Province:** Province to confirm that scope is acceptable. In NI 51-102, "Executive officer" means an individual who is (a) a chair, vice-chair or president; (a.1) a chief executive officer or chief financial officer; (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or (c) performing a policy-making function in respect of the issuer". If you prefer, we may use the definition of "officer" from the *Securities Act*. "Officer" means (a) a chair or vice-chair of the board of directors, a chief executive officer, a chief operating officer, a chief financial officer, a president, a vice-president, a secretary, an assistant secretary, a treasurer, an assistant treasurer and a general manager; (b) every individual who is designated as an officer under a by-law or similar authority of the registrant or issuer, and (c) every individual who performs functions similar to those normally performed by an individual referred to in clause (a) or (b).

~~20~~ ~~We are merely conforming this definition to the definition of Indenture Trustee.~~

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~a 1992~~an ISDA Master Agreement ~~(Multi-Currency – Cross-Border)~~ as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~21~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.~~22~~9

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.~~23~~10

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

~~21 The definition of Notes is not used in the Agreement.~~

~~22~~9 **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

~~23~~10 **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" ~~means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.~~[24]has the meaning ascribed to the term "refinancing" in the Act as of the date hereof,

as more particularly described and given meaning in the General Regulation as of the date hereof.[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

~~24~~11 **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Province**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. Consider if further discussion is required and MOE to specifically confirm understanding of the Regulation on this point.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

~~[NTD: Blakes to provide draft]~~

~~**EXHIBIT C**~~
~~**SUSPENSION NOTICE**~~

~~**[NTD: Blakes to provide draft]**~~

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on Tuesday, November 28, 2017 10:35:06 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/18
Description	TOR_2528-#23239360-v18-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/20
Description	TOR_2528-#23239360-v20-Change_of_Law_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	106
Deletions	136
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	242

Draft: November 28, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment[2] of a Funding Obligation, other than any Funding Obligation under which not more than $• in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

[2] **Note to Province:** Please confirm that the timing of the delivery of the Process Certificate is satisfactory to you. The Process Certificate is delivered "on or before" incurrence or amendment. If preferable, we can revert back to the prior timing, which was delivery on the earlier of incurrence/ amendment, or pricing.

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the then applicable Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection 4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section 7.01]** of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between

the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any

discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Draft: November 28, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal. **Note to Torys:** Logistics of closing are under consideration.

[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

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[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(A), and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(v)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The

Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or

extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such

security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified

Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent

of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 8.02.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the

extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 7.1(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[4]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, by delivering a written notice in the form of Exhibit B (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

[4] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

7.03 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other

communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Intentionally Deleted

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof)[5] divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

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[5] **Note to Province**: MOE should confirm that this captures the limitations contemplated in connection with any "acceleration" under the revised Regulation. Consider whether it is necessary to refer specifically to the Regulation to avoid any disconnect, and to tie-in specifically to the context of the acceleration scenario applicable at the time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

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[6] **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to Province:** Please advise. We may respond that to extent the draw is a Certified Primary Obligation, we would like to maintain the process set out in this Agreement.

[7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

"**Executive Officer**" has the meaning ascribed thereto in National Instrument 51-102 – *Continuous Disclosure Obligations*.[8]

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

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[8] **Note to Torys:** We have used the definition from NI 51-102 as there is only a definition of "officer" (but not "executive officer") in the OSA. **Note to Province:** Province to confirm that scope is acceptable. In NI 51-102, "Executive officer" means an individual who is (a) a chair, vice-chair or president; (a.1) a chief executive officer or chief financial officer; (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or (c) performing a policy-making function in respect of the issuer". If you prefer, we may use the definition of "officer" from the *Securities Act*. "Officer" means (a) a chair or vice-chair of the board of directors, a chief executive officer, a chief operating officer, a chief financial officer, a president, a vice-president, a secretary, an assistant secretary, a treasurer, an assistant treasurer and a general manager; (b) every individual who is designated as an officer under a by-law or similar authority of the registrant or issuer, and (c) every individual who performs functions similar to those normally performed by an individual referred to in clause (a) or (b).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation

to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[9]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[10]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

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[9] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

[10] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[11]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

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[11] **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Province**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. Consider if further discussion is required and MOE to specifically confirm understanding of the Regulation on this point.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

From:	Ken Kandeepan
To:	"LEE John -TREASURY"
Cc:	Mike Manning; James Devine; Carlos Yep; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); John Psinas; John Kim; Ronald Kwan; Tom McKinlay (MAG); Anna Strathy; Mark Donaldson (MOF); "ASHBOURNE, STEPHEN"
Subject:	FW: Circulation of drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement
Date:	Friday, November 03, 2017 8:52:35 AM
Attachments:	23239361-vpdf-CLPA - Process Agreement.PDF 23239360-vpdf-CLPA - Protection Agreement.PDF

Hi John

As discussed previously pls find attached the Protection Agreement and the accompanying process document which have been forwarded to Torys by Steven Ashbourne last evening. Pls provide us with your consolidated comments including feedback from the dealers, E&Y and where appropriate the Rating Agency.

Based on the timeline that we discussed on Tuesday, your comments will allow decision makers such as Gadi to provide guidance next week on resolving any material issues that are identified in your response.

Thanks

Ken k

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**"), is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of ■, 2017, the FSM ~~[~~established~~]~~ the Financing Entity as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[1]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program ~~Agreement~~Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG, and of the Province in accordance with the Act ~~and the OIC~~, have been done.

[1] Note: This draft only addresses the first Financing Entity. If additional financing entities are established, revisions to this Agreement may be made at that time, in context. Any additional financing entities contemplated should be as contemplated in the Financing Plan.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated~~,~~ Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity or the Financing Entity Trustee

For greater certainty, each reference to the Financing Entity or to the Financing Entity Trustee shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.01 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than ■15 Business Days prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) ~~Not~~Unless the Financing Entity is subject to the PILs Regime, not less than ■15 Business Days prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province an analysis and assessment of the tax position of the Financing Entity. ~~Thereafter~~ In addition, OPG shall promptly deliver written notice to the Province ~~a copy~~ of any ~~proposed change to or replacement of such~~change in the Financing Entity's eligibility status under the PILs Regime and an analysis and assessment of any material change in the tax position of the Financing Entity.

(c) Not less than ■10 Business Days prior to (i) any proposed change~~, addition~~ or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or, ~~addition or~~ supplement to the Transaction Document and any such additional of replacement Transaction Document.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document).

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

(f) OPG shall, as the FSM, cause the Financing Entity to deliver to the Province copies of the Financing Entity's annual tax returns (if any) and any related tax ~~assessment~~assessments not more than ■10 Business Days after such a tax return or tax assessment is required to be filed under applicable law.[~~1~~2]

2.02 Covenants

(a) OPG shall, as the FSM, cause the Financing Entity to:

[~~1~~2] Note: The tax documents to be provided to the Province are under consideration.

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not, without the prior written consent of the Province:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;

(B) consent to the resignation of (1) the Administrative Agent under the Administrative Services Agreement; or (2) the Manager under the Management Agreement;

(C) consolidate or merge with or into any other Person;

(D) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired;

(E) permit any Lien (other than the Security Interest) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(F) sell, transfer, exchange or otherwise dispose of any of the Collateral, other than as expressly permitted by the Trust Indenture;

(G) release any security or guarantee in respect of the Collateral other than as expressly permitted by the Trust Indenture; or

(H) voluntarily dissolve or liquidate.

(b) OPG shall:

(i) comply, and as the FSM cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation;

(iii) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under this Agreement would be accelerated, delayed or otherwise affected; and

(iv) ensure that any disclosure (including any Disclosure Document, press release or other written communication intended for dissemination to third parties) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement will be subject to the prior review of the Province and such disclosure will not be made (and any such Disclosure Document shall not be used and any such press release or other written communication shall not be issued) without the prior written consent of the Province, in each case unless such disclosure is substantially the same as a disclosure previously made and for which the Province had previously provided its written consent under this Subsection 2.02(b)(iv).

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, ~~not less than ■~~on the earlier of (i) one Business ~~Days~~Day prior to the incurrence or any amendment of a Primary Obligation, and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to ~~the~~such Primary Obligation:

(a) the material terms of the ~~Funding Obligations~~Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, ~~pricing and third party fees;~~[2]interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

[2] ~~Note: Level of detail required by the Province is under consideration. Province to consider whether it would like further details regarding Principal Obligations, Redemption Obligations, Interest Obligations, Hedging Obligations, Third Party Expense Obligations or Other Funding Obligations. In desirable, particulars regarding Hedging Obligations and the market in which notes are issued to be considered.~~

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the Primary Obligation, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) ~~if the Primary Obligation is a [borrowing],~~ confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the certificate referred to in Subsection 4.02(d)(ii) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) ~~has been provided to the Province in accordance with Subsection 2.01(c); and~~is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; and

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(c) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation;

(b) with respect to the Reviewed Documentation referred to in clauses (v) to (ix) of the definition of "Transaction Documents", and, where applicable, clauses (x) and (xi) of the definition of "Transaction Documents" as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of the Primary Obligations arising thereunder and as to the timing, conditions and circumstances in which payment obligations under such Primary Obligations may arise, but without regard to the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(c) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed ~~disclosure document~~Disclosure Document complies in all material respects with all securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) The initial Protection Agreement Maximum shall be determined by the Province prior to the initial issuance of the first Funding Obligation. The initial Protection Agreement Maximum will be confirmed by the Province by notice in writing to OPG, as the FSM.

(b) Not less than ■ Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province a forecast

setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the applicable Financing Plan (the "**Initial Forecast**"). In determining the initial Protection Agreement Maximum, the Province may have regard to (but not be bound by) the Initial Forecast.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**").

(d) Upon receiving an updated Forecast, the Province shall determine whether or not the Protection Agreement Maximum will be revised. In determining whether the Protection Agreement Maximum will be revised, the Province may have regard to (but not be bound by) such updated Forecast. Any determination by the Province to revise the Protection Agreement Maximum will be confirmed by setting out a new Protection Agreement Maximum in a written notice from the Province to the FSM and the Indenture Trustee, the delivery of which will be conclusive evidence that such new Protection Agreement Maximum will apply until it may be further so revised.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, shall cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto and to own its property and carry on its business as currently conducted.

(c) OPG has been validly appointed, and has ~~irremovably~~irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation of OPG enforceable against OPG in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG (including in its capacity as the FSM) or the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or the Financing Entity or in the ability of OPG or the Financing Entity to perform their respective obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or ~~the~~any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict

with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

ARTICLE VI
ELECTION TO ASSUME APPROVED OBLIGATIONS

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) to elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to OPG a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) a draft version of the Assumption Agreement prepared in relation to each Obligation Secured, prepared in accordance with and having regard to the requirements of the relevant agreement(s) under which the Obligation Secured arises.

6.03 Settlement of Terms

Within ■20 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will cause the Financing Entity to cooperate, and each shall use its best efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.[3]

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG will, and as FSM, will cause the Financing Entity to, ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of

[3] Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.

the Financing Entity for the provision of on-going services to the Financing Entity, permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts.[4]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement (including in respect of its role as FSM under any Program Agreement);

(b) any representation or ~~warrant~~warranty made by OPG in this Agreement, ~~or~~ any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect on the date made; or

(c) OPG is no longer the FSM, the Administrative Agent or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM, the Administrative Agent or the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to OPG ~~at its option~~, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide ~~notice~~a Suspension Notice to the Indenture Trustee ~~that a Breach Event has occurred and,~~, the FSM and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement~~, that the Limited Guarantee does not and will not apply to any Primary Obligations that may thereafter be incurred or amended by or on behalf of the Financing Entity.~~[5].

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

[4] Note: The Trust Indenture will need to include a clause providing that the obligations of the Financing Entity to the Indenture Trustee and the Noteholders may be assigned to the Province in accordance with an assumption agreement, substantially in the form set out in an exhibit to the Trust Indenture.

[5] ~~NTD: Carve-out for re-financings of Approved Obligations already in existence is under consideration.~~

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Confidentiality[5]

~~[Note: To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province.]~~

8.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

[5] To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

[FINANCING ENTITY TRUSTEE], IN ITS CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]

By: _____

Name:
Title:

[INDENTURE TRUSTEE], AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

["**Administrative Agent**" ~~means OPG, in its capacity as administrative agent of the Financing Entity under the Administrative Services~~has the meaning ascribed thereto in the Change of Law Protection Agreement.]

["**Administrative Services Agreement**" ~~means the administrative services agreement dated [■], 2017 between the Financing Entity and the Administrative Agent concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Financing Entity~~has the meaning ascribed thereto in the Change of Law Protection Agreement.][6]

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means ~~(a)~~ any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

~~"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.~~

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, the FSM and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

[6] Note: To be confirmed if required.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

~~"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation [as of the date of this Agreement].~~

"**Financing Entity**" means [■], a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(b).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(b).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

["**Management Agreement**" ~~means the management agreement dated [■], 2017 between the Manager and the Financing Entity~~has the meaning ascribed thereto in the Change of Law Protection Agreement.]

["**Manager**" ~~means OPG, in its capacity as manager of the Financing Entity under the Management~~has the meaning ascribed thereto in the Change of Law Protection Agreement.][7]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**PILs Regime**" means the Payment in Lieu of Taxes regime contemplated under the *Electricity Act* (Ontario).

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

[7]Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount determined by the Province and of which OPG is provided written notice in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"~~**Supplemental Reserve Account**~~**Substantially in the Form**" has the meaning ascribed thereto in ~~the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement, the Administrative Services Agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement between the Financing Entity and the IESO; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and

priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], ~~2017, as amended, supplemented, restated or otherwise modified from time to time.~~2017.

EXHIBIT A
FORM OF ELECTION NOTICE

(form of Assumption Agreement to be attached, once settled)

Document comparison by Workshare Compare on Friday, November 03, 2017 6:38:01 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/6
Description	TOR_2528-#23239361-v6-CLPA_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/7
Description	TOR_2528-#23239361-v7-CLPA_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	73
Deletions	54
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	131

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

[FINANCING ENTITY TRUSTEE] IN ITS CAPACITY AS TRUSTEE OF THE [FINANCING ENTITY]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

[NAME OF INDENTURE TRUSTEE], AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), **[FINANCING ENTITY TRUSTEE]**, as the Financing Entity Trustee and in its capacity as trustee of the **[FINANCING ENTITY]**, a trust settled by the FSM under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc. in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada, as Indenture Trustee and in its capacity as trustee for the in accordance with the Trust Indenture, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations ~~secured~~, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the FSM ~~[~~established~~]~~ the Financing Entity as a "financing entity"~~[1]~~ (as defined in the Act) for the purposes contemplated in the Act.

The trustee of the Financing Entity in its capacity as Financing Entity Trustee and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

OPG and the Province will concurrently enter into the Process Agreement, under which OPG will agree to perform certain related activities and to provide certain assurances on which

~~[1] Note to Draft: Consideration is being given by MOE to possible changes to the Regulation to accommodate the proposed use of a "trust", as a "financing entity".~~

the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity Trustee, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture. No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province upon performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days

comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (~~a~~i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (~~b~~ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity Trustee

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Financing Entity shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section ~~1.18~~1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the Approved Obligations owing from time to time by the Financing Entity to the Indenture Trustee as and when they become due and payable, without Acceleration[1]. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation (without Acceleration) in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts owing by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[2], in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation, in each case by the Province depositing or causing the deposit of the applicable payment amount into the Collection Account (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation, including (i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event, and ~~[~~(ii) amounts required to be deposited by or on behalf of the Financing

[1] Consider mechanics for notifying the Province regarding the specific amounts payable and their due dates. Consider attaching a detailed schedule of payments under the Payment Demand and the respective due date of each payment.

[2] ~~Note:~~ Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations", which in turn relies on the definition of Primary Obligations. The connection between a Primary ~~Obligation~~Obligations and an "investment interest" is therefore crucial~~. Unfortunately, the nexus is not straightforward~~. Blakes is considering how to more precisely connect these concepts.

Entity into any Capital Account, Finance Reserve Account or a Supplemental Reserve Account.][3]

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

2.02 Gross-up

[All amounts payable by the Province under this Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Province is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Province shall deposit into the Collection Account such additional amount as is necessary to ensure that the Indenture Trustee receives (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise due and payable in respect of the related Approved Obligation, net of any such taxes, charges, fees, levies, duties or withholdings.][4][3]

2.03 Absence of Set-off

The Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

[3] Note: OFA to confirm whether the Limited Guarantee will extend to require the Province to fill sinking fund and collateral accounts during the period when the Province is required to make payments. If not, then we will need to consider the impact on ratepayers and the potential impact on the CEA calculations, which will have been based originally on these deposits being made during particular reference periods.

[4] Province to advise on extension of a tax gross up. We assume this is necessary, although we have not discussed it specifically and it may be that we delete this provision on the basis that the determination of a tax gross up (and the Province's liability for it) will be based on the inclusion of that concept in the Trust Indenture itself[3] Under consideration.

2.04 Payment into Collection Account in Satisfaction

Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Collection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation.[54] Upon a payment having been made by or on behalf of the Province into the Collection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable under the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[65].

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

[54] ~~Note:~~ This will need to operate in tandem with the Trust Indenture waterfall. The idea is that the Approved Obligations may not necessarily follow the sequence of the "payment waterfall" included in the Trust Indenture, and so amounts from the Province would need to operate independently. ~~To be discussed with Torys.~~

[65] ~~Note:~~ Consider ~~if~~how Beneficiary rights under Obligations Secured ~~can in fact be affected in this way~~will be amended under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a corresponding provision should appear in the Trust Indenture and each other contract under which the Obligation Secured arises, to the effect that the Beneficiaries will be deemed to be bound by the agreement of the Indenture Trustee ~~insofar as the Beneficiaries rights against the financing entity are to be affected~~under this Agreement.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03].

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine,

provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (a) the Adherence Conditions applicable thereto have been satisfied; or (b) the Province has specifically approved in writing the particular terms, conditions and documentation for the Primary Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured;

(b) ~~if the Primary Obligation is a [borrowing][7],~~ at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments[~~8~~6] under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under

[7] ~~Under consideration. Need to ensure that non-conventional instruments (capital rather than debt) are caught in the maximum test.~~

[8] ~~Note: The~~[6] Use of the concept of "repayments" under the OFHPA ~~take account of contemplated refinancings. There is some risk that an anticipated refinancing would not manifest as contemplated, in which case the amount financed (and subject to the Limited Guarantee) could exceed the Protection Agreement Maximum and result in a balloon payment obligation~~for this purpose is under consideration.

Approved Obligations,[9] do not exceed the Protection Agreement Maximum;

(c) the FSM delivers a notice to the Indenture Trustee, with a copy to the Province, ~~not less than ■~~one Business ~~Days and not more than ■ Business Days~~Day prior to the incurrence or any amendment of the Primary Obligation, setting out the Protection Agreement Maximum;

(d) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG) and addressed to the Province and the Indenture Trustee, ~~not less than ■~~one Business ~~Days and not more than ■~~Day prior to the earlier of (i) one Business ~~Days~~Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to the Primary Obligation:

i. ~~if the Primary Obligation is a [borrowing],~~ confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation (if any), together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not and will not exceed the Protection Agreement Maximum; and

ii. confirmation that the FSM has delivered to the Province a certificate in accordance with the Process Agreement confirming, among other things, that the transaction documents in respect of the Primary Obligation are in substantially the form of the documentation reviewed by the Province; and

(e) the Province has not provided ~~notice~~a Suspension Notice to the Indenture Trustee ~~that a Breach Event has occurred and that the Limited Guarantee does not apply to any further Primary Obligations that are incurred.~~[10], the FSM and the Financing Entity in accordance with the terms of this Agreement.

4.03 Evidence of Satisfaction

A closing certificate signed by at least two executive officers of OPG in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the

[9] ~~Note: If certain financing entity obligations are guaranteed under a one-off agreement, the interaction between the one-off guaranteed amount and Approved Obligations that are looked at to determine if incurrence of a new Primary Obligation is within the Protection Agreement Maximum will need to be considered.~~

[10] ~~NTD: Carve-out for re-financings of Approved Obligations already in existence is under consideration.~~

applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defect or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
RIGHTS OF THE PROVINCE

5.01 Assignment and Subrogation

Upon paying an amount in respect of an Approved Obligation:

(a) to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or

(b) as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI,

the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (~~a~~i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (~~b~~ii) the benefits of the related Collateral and (~~c~~iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a secured party under the Trust Indenture) under such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including, if applicable, as a Noteholder) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the

extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Voting Rights under "Outstanding Notes"

Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[11][7]:

(a) Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and

(b) in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.

5.04 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity [and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured and constitute a Finance Amount.[12][8]

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

TheFollowing the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee that, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

[11][7] Note: This concept shouldneeds to be reflected in the Trust Indenture to be effective. Additional scenarios where the Province's rights as an affiliate of OPG may differ from what is expected are to be identified in the underlying Program Agreements.

[12] Note:[8] General Regulation mustto be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE.

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use ~~[commercially reasonable~~best efforts~~]~~ to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.~~13~~9

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee.

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

~~13~~9 ~~Note:~~ Further details regarding obtaining of third party consents and rating agency approvals to be considered.

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

7.04 Release of all Collateral

(a) The Indenture Trustee shall not execute instruments to release Collateral from the Security Interest of the Trust Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, unless and until the rights and interests of the Province under Section 5.01 or otherwise as an assignee of any of the Obligations Secured or as a subrogee have been satisfied in full and the Province has no continuing obligations under this Agreement.

(b) The Province shall be entitled to receive at least 10 Business Days' written notice when the Indenture Trustee proposes to take any action pursuant to Subsection 7.04(a), accompanied by copies of any instruments involved.

7.05 Right to Notice and Attend Meetings

The Financing Entity shall ensure that the Province receives advance notice of any meeting or proposed written resolution of Specified Creditors (or any of them) and the Province and its legal advisers shall be permitted to attend and be represented at any meeting of such Specified Creditors.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**"):

(a) shall be provided by the FSM ~~to~~or the Province ~~and~~to the Indenture Trustee promptly following the occurrence of a Program Breach; and

(b) may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Financing Entity shall not incur any new or additional Obligation Secured and shall not amend or terminate any existing Obligation Secured except with the prior written consent of the Province.

8.03 Termination Notice

On the occurrence of a Suspension Event, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic

communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

[Financing Entity]

c/o Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

[Financing Entity Trustee], in its capacity as Financing Entity Trustee for [Financing Entity]
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

~~**9.06 Confidentiality**~~

~~[Note: To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province. Note that this Agreement will become part of the package of rights acquired by investors and counterparties and so it is unclear to what extent confidentiality can or should be preserved in these circumstances.]~~

9.06 ~~9.07~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 ~~9.08~~ Force Majeure

In no event shall the Indenture Trustee or the Financing Entity Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Financing Entity Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

9.08 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:

By: _____
Name:
Title:

[FINANCING ENTITY TRUSTEE], IN ITS CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]

By: _____
Name:
Title:

[INDENTURE TRUSTEE], AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:

Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[14]10 in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture [as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee].

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

["**Administrative Agent**" means OPG, in its capacity as administrative agent of the Financing Entity under the Administrative Services Agreement.]

["**Administrative Services Agreement**" means the administrative services agreement dated [■], 2017 between the Financing Entity and the Administrative Agent concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Financing Entity.][11]

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of OPG under the Process Agreement; or (b) any representation or warranty made by OPG, or any certification made by OPG under the Process Agreement, or any certification made by OPG in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM, the Administrative Agent or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM, the Administrative Agent or the Manager.

[14]10 Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.

[11] Note: To be confirmed if required.

"**Business Day**" means ~~(a)~~ any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are ~~[, or the office of the Indenture Trustee is,]~~ authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture ~~[~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~]~~.

"**Collection Account**" has the meaning ascribed thereto in the Trust Indenture ~~[~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~]~~.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation ~~[as of the date of this Agreement]~~.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act ~~[as of the date of this Agreement]~~.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act ~~[as of the date of this Agreement]~~.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "Investment Interest" in the Act ~~[as of the date of this Agreement]~~.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

["**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.]

["**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.][12]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section ~~1.18~~1.19(a).

[12]Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured that is a Funding Obligation, other than (a) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; and ~~[~~(b) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account.~~]~~[15]

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and OPG.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture ~~[~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~]~~.

"**Program Breach**" means an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Agreement Maximum"** means the dollar amount determined by the Province and of which OPG is provided notice in accordance with the Process Agreement.[16]

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

~~[15] Note: Possible simplification of definition structure under consideration.~~

~~[16] Note: An alternative would be to expressly state the Program Agreement Maximum amount and the process by which this amount is determined in this Agreement.~~

(v) ~~there is~~the implementation of a change in the organization or structure of the IESO or Ontario's electricity market[17] undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction ~~[in a final and non-appealable judgement]~~[18](i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ~~ability of~~Financing Entity's receipt of amounts in respect of its Investment Interest and (ii) issues a decision or an order preventing the Financing Entity ~~to receive~~from receiving amounts on its Investment Interest ~~so that it can~~, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured~~.~~ that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section ~~1.18~~1.19(b).

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

~~[17] Note: Consider more clarity to "Ontario's electricity market".~~
~~[18] Under consideration to assess the marketability implications of this phrase.~~

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

Document comparison by Workshare Compare on Friday, November 03, 2017 6:38:58 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/8
Description	TOR_2528-#23239360-v8-CLPA_-_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/9
Description	TOR_2528-#23239360-v9-CLPA_-_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	86
Deletions	120
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	206

From: Marianne.Nguyen@ontario.ca on behalf of Imbrogno, Serge (ENERGY)
To: Ronald Kwan
Subject: FW: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement

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-----Original Appointment-----
From: Imbrogno, Serge (ENERGY)
Sent: September-19-17 4:50 PM
To: Imbrogno, Serge (ENERGY); Thompson, Scott (MOF); Ghiassi, Ali (MOF); Nguyen, Marianne (MOF); Thiru, Kaj (MOF); McLean, David (MOF); Schlaepfer, Martin (ENERGY); Bungaro-Yemec, Francesca (ENERGY); Teliszewsky, Andrew (ENERGY); Baker, Carys (ENERGY); Nelms, Scott (MOF); Mayman, Gadi (OFA); Angus, Helen (TBS); Hresa Gavaris; MacIntyre, Kyle (TBS); Strathy, Anna (OFA); Whittington, Matt (ENERGY); Hume, Steen (ENERGY); Cox, Hilary (ENERGY)
Cc: Katona, Keley (MOF); Hughes, Karen (TBS); Veinot, Cindy (TBS); Cayley, Daniel (ENERGY); O'Riordan, Eamon (ENERGY)
Subject: FW: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
When: September-20-17 8:00 AM-8:45 AM (UTC-05:00) Eastern Time (US & Canada).
Where: 900 Bay Street, 4th Floor, Hearst Block, Ministry of Energy Executive Boardroom

-----Original Appointment-----
From: Imbrogno, Serge (ENERGY)
Sent: September 19, 2017 4:36 PM
To: Imbrogno, Serge (ENERGY); McLean, David (MOF); Schlaepfer, Martin (ENERGY); Bungaro-Yemec, Francesca (ENERGY); Teliszewsky, Andrew (ENERGY); Baker, Carys (ENERGY); Nelms, Scott (MOF); Mayman, Gadi (OFA); Angus, Helen (TBS); Hresa Gavaris; MacIntyre, Kyle (TBS); Strathy, Anna (OFA); Whittington, Matt (ENERGY); Hume, Steen (ENERGY); Cox, Hilary (ENERGY)
Cc: Katona, Keley (MOF); Hughes, Karen (TBS); Veinot, Cindy (TBS); Cayley, Daniel (ENERGY); O'Riordan, Eamon (ENERGY)
Subject: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
When: September 20, 2017 8:00 AM-8:45 AM (UTC-05:00) Eastern Time (US & Canada).
Where: 900 Bay Street, 4th Floor, Hearst Block, Ministry of Energy Executive Boardroom

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Ken Kandeepan; Mike Manning; Ronald Kwan
Cc:	Tobias P. Whitfield (MOF); Anna Strathy
Subject:	FW: Draft Documents
Date:	Monday, November 27, 2017 6:40:52 PM

We let Energy Legal know of the direction.

From: Thouin, Alena (ENERGY)
Sent: November 27, 2017 4:33 PM
To: Hanslep, Malle (MOF); McKinlay, Tom (MAG)
Cc: Whitfield, Tobias P. (MOF)
Subject: RE: Draft Documents

Thanks Malle
I will relay to clients and let you know if there is anything.
Please proceed with Blakes

From: Hanslep, Malle (MOF)
Sent: November 27, 2017 4:31 PM
To: Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: Whitfield, Tobias P. (MOF)
Subject: Draft Documents

Hi

We had a call with OFA staff regarding some of the business points just now and the direction is to remove the assumption right, revert to the previous version of the process agreement (for the most part) and include a clearer suspension right in both.

We wanted to let you know this so that you can relay to Energy clients but in the interests of time would like to ask Blakes to revise the drafts accordingly for tomorrow morning. (given Ministers' briefing scheduled for Wednesday).

If you would like to discuss this, please give me a call at 416-325-1457 but if I don't hear I should go ahead and ask Blakes to review based on this approach.

Thanks.

Malle

From: Anna Strathy
To: Ronald Kwan
Cc: Usman Zahid
Subject: FW: EXTERNAL – Change of Law Protection Agreement
Date: Monday, December 11, 2017 10:27:27 AM

From: Mike Manning
Sent: Monday, December 11, 2017 6:53 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; STEPHEN.ASHBOURNE@blakes.com; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fwd: EXTERNAL – Change of Law Protection Agreement

In case you haven't seen.
Mike

Begin forwarded message:

> **From:** LEE John -TREASURY <john.s.lee@opg.com>
> **Date:** December 10, 2017 at 10:44:47 PM EST
> **To:** Mike Manning <mmanning@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Cc:** LADAK Lubna -TREASURY <lubna.ladak@opg.com>
> **Subject: Fwd: EXTERNAL – Change of Law Protection Agreement**
>
> See Dealers comments
>
> Sent with BlackBerry Work (www.blackberry.com)
> _____
> From: "Niehaus, Katrina" <Katrina.Niehaus@gs.com>
> Sent: Dec 10, 2017 8:02 PM
> To: LEE John -TREASURY <john.s.lee@opg.com>
> Cc: "'David Dal Bello (david.dalbello@rbccm.com)'" <david.dalbello@rbccm.com>; "'Benaiah, Ian'" <ian.benaiah@rbccm.com>; "'geoffrey.reeves@cibc.com'" <geoffrey.reeves@cibc.com>; "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>; "'Maciel, Andrew'" <Andrew.Maciel@cibc.com>; "'Adalja, Sunil'" <Sunil.Adalja@cibc.com>; "Bolster, Brian" <brian.bolster@gs.com>; "Sabri, Salina" <Salina.Sabri@gs.com>; "Delaney, Brian" <Brian.Delaney@gs.com>
> Subject: EXTERNAL – Change of Law Protection Agreement
>
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> _____
>
> John,
>
> We plan to discuss the below on the call with you at 8:30, but wanted to formalize our thoughts in email for your reference. The Friday draft with the changes to Section 2.01 and to the Adherence Conditions was materially worse from our perspective than the draft which we received from the Province last Monday. The document as is does not work, and we are at the point that continuing iterations around the agreement endangers the closing of the warehouse facility prior to year-end.
>
> More complete thoughts below, but in summary: in order for the rating agencies to rate a deal and the Dealers to be able to close the warehouse financing, the Change of Law Protection Agreement will need to be in the form proposed by Osler/Torys in the draft of December 7 (with the exception that section 2.01(a)iv(D) be entirely deleted (or revised as noted below) as the concepts in section 2.01(a)(iv)(D) in any form will require material changes to the MTI).
> Best,
> Katrina
>
> *******
>
> With respect to the Adherence Conditions, the Dealers have been consistent with our concerns that there should not be trips or traps that could prevent the ability of a Primary Obligation to become an Approved Obligation. Furthermore, we have stressed the importance of the Adherence Conditions not preventing the ability to effect a Refinancing of an Approved Obligation. Our strong preference has been all along that there be no Adherence Conditions; however, in light of the Province's insistence that it needed a level of control that went beyond the protections set out in the Change of Law Process Agreement, we agreed to consider the existence of straightforward Adherence Conditions. The draft of the Adherence Conditions and Adherence Compliance Certificates which were reflect in our draft of the Change of Law Protection Agreement of Thursday evening is as far as the Dealers are prepared to accept under the circumstances.
> As relates to the Province's right to object to a Transaction Document under the Process Agreement in connection with a Refinancing, that should remain an issue as between the Province and the FSM and should not be a risk passed on to the Dealers under the Change or Law Protection Agreement. To be clear, the concern with the Province's ability to object to a Refinancing is not simply one which arises following the occurrence of a suspension event. The Dealers have included a step-up in market pricing to deal with a market disruption event which causes a delay in the timing of the Refinancing, but the Dealers are not in a position to accept the risk that a Refinancing cannot proceed, for example, because the rating agencies have determined that there needs to be a change to the Program Agreements. Furthermore, the requirements relating to a Refinancing need to apply equally to any Refinancing, including the refinancing of any term debt.
> As relates to Protection Events, we need a clear and objective standard to determine what would satisfy a "materially and adversely" threshold. To be clear, this is not simply an issue raised by the rating agencies. The Dealers have been concerned with this issue dating back to our review of the Province's term sheet. This was included as one of the specific items that the Dealers were concerned about as summarized in the email from Osler to the Province back in September and we expressly asked that it be deleted from the term sheet. Notwithstanding our stated position on this issue, we agreed to permit the "materially and adversely" threshold to remain in the definition provided that there is an objective standard to be able to satisfy this threshold condition which is reflected in our draft "for clarity" language in the definition. Without an objective standard, we would be faced with the potential of a drawn out dispute with the Province before the Province would be obligated to honor its obligations under the Limited Guarantee; for example, would a $10 million impact of the warehouse or another tranche of debt be "material" in the context of $8 to $10 billion in debt at the end of the moratorium period? This is not a risk which the Dealers can take in the face of a Protection Event. The Province must stand behind the Limited Guarantee if there is a downgrade or other negative impact on the rating of such debt which arises because of an event contemplated in the definition of Protection Event.
> As relates to section 2.01 of the Friday draft (or the Monday draft), we do not understand why the Limited Guarantee has to include any provisions to deal with the "theoretical" possibility that the Province's subrogation rights to collect on amounts paid under Approved Obligations would compete with then-existing Primary Obligations which are not Approved Obligations. The Program Agreements already contemplate a restriction on the FSM issuing Certified Primary Obligations which are not Approved Obligations. The changes to section 2.01 (as set out in Section 2.01 (a)iv(D) and then further expended by the Province in Friday's draft under Section 2.01(a)v) proposed by the Province to address this "theoretical" possibility would undermine this approach and would require us to explain to the Rating Agencies why the MTI needs extensive revisions to address something which is not supposed to happen. The implications of this would most certainly result in a delay in the rating agency process and would jeopardize the ability to close the warehouse financing before December 31. This is not acceptable and we require that these concepts be abandoned.
> As a side note, we have been advised that Blakes today proposed a revised draft of Section 2.01(a) which is somewhat consistent with a proposed draft of Section 2.01(a) which Torys and Osler jointly prepared last Tuesday/Wednesday which Blakes completely dismissed at that time. If this revised draft can be implemented with minimal revisions to the MTI, then we may be prepared to move forward on that basis; however, given that we no longer have any luxury of time, we need Torys and Osler to advise us by the latest midday on Monday as to whether this alternate approach is feasible under the current constraints.
>
> _____
>
> Goldman Sachs
>
> 200 West Street | 7th Floor | New York, New York 10282-2198
> Tel: 212-357-8161 | Fax: 212-256-5491
> Katrina.Niehaus@gs.com<mailto:Katrina.Niehaus@gs.com>
>
> Katrina T. Niehaus
> Managing Director
> Investment Banking Division
> _____

_____

See the https://urldefense.proofpoint.com/v2/url?u=http-3A__www.gs.com_disclaimer_afg_&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=faVQc6owhmqW1Epsm1IgKtKdOr6WxW_KgiwibSrG7Ns&m=Ekz2LCemrp0mz6sUzVJZ10qhwUUj5k182xXPKAmdmk4&s=u0lTCpVvNJeWuXpphqjQUUtYpoQQo7rUFH8iHQAFiKQ&e=
<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.gs.com-252Fdisclaimer-252Fafg-252F-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257Cccf66a30290b4ab24a6408d54032dea7-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636485509596712979-26sdata-3Dhi-252F-252FccVfiSUHDsC6VbynkZKGH4bLlt47uttdronUcg-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=faVQc6owhmqW1Epsm1IgKtKdOr6WxW_KgiwibSrG7Ns&m=Ekz2LCemrp0mz6sUzVJZ10qhwUUj5k182xXPKAmdmk4&s=0l3E1M_BnRQwU4GklyLALEb34syWhirjy9I45bDvjZs&e=
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<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.gs.com-252Fdisclaimer-252Femail-252F-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257Cccf66a30290b4ab24a6408d54032dea7-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636485509596712979-26sdata-3Dz7BDCLAMXmQo3NJB6Sx-252BqmEWcAPU62tDoXW-252BSfoS4vE-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=faVQc6owhmqW1Epsm1IgKtKdOr6WxW_KgiwibSrG7Ns&m=Ekz2LCemrp0mz6sUzVJZ10qhwUUj5k182xXPKAmdmk4&s=BwqyQl18dKqI5YOLaVX5_ZFLzZx9_KRNUXR9LKAlhFI&e=
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From:	Mike Manning
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Ken Kandeepan; Anna Strathy; Gadi Mayman; Ronald Kwan
Subject:	FW: EXTERNAL – Fair Hydro -- Protection Event Definition
Date:	Friday, December 01, 2017 9:20:19 AM
Attachments:	#24564826v2_TorysAtWork_ - Protection Event Definition.docx Blackline_24564826v1 - 24564826v2.pdf

For discussion.

Thanks, Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Friday, December 01, 2017 9:09 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Subject: FW: EXTERNAL – Fair Hydro -- Protection Event Definition

Mike:
See some thoughts from Tory's. If you believe it has some traction we should discuss how best to run this by the dealers as this has not been floated by them.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, November 29, 2017 10:31 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: EXTERNAL – Fair Hydro -- Protection Event Definition

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John and Les, further to our discussion earlier today about the change of law protection agreement and the rating agency/dealer/Osler request to delete the word "materially" from the change of law triggering events – attached is a revised draft of the definition of a Protection Event that removes the word materially while addressing the Province's concern that they don't want a change in some unrelated law or reg to trigger the guarantee (we just moved down some of the general change in law triggers so they only trigger the guarantee if the change actually results in the FE not having sufficient funds to pay obligations when due (so if conservation legislation was passed, that would only trigger a protection event if that law prevented the FE from collecting enough CEA amounts to pay its obligations when due).

As we mentioned on our call, if you want to float an alternative to try and bridge the gap on this point, you could send this to the Province and let them raise it with Osler/the dealers/the rating agencies in their revised draft of the change of law protection agreement as a compromise position. However, as we discussed, I think if some sort of compromise is going to be suggested, it is best coming directly from the Province.

Let us know if you have any questions.

Rima

The following files have been attached to this mail by Workshare Compare...

#24564826v2_TorysAtWork_ - Protection Event Definition.DOCX (WORDX)
Blackline_24564826v1 - 24564826v2.pdf (Adobe Acrobat File)

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

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“Protection Event” means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof; or

(ii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof;

in each case, that adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) (i) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is ultra vires or invalid in a way;

(ii) the Legislature enacts or amends any statute, other than the Act;

(iii) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any “regulation” (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof, other than the regulations made under the Act; or

(iv) the implementation of a change in the organization or structure of the IESO or Ontario’s electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"Protection Event" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof; **or**

~~(ii) the Legislature enacts or amends any other statute;~~

(~~iii~~**ii**) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; ~~or~~

in each case, that adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) **(i)** a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is ultra vires or **invalid in a way;**

(ii) the Legislature enacts or amends any **statute, other than the Act;**

(~~iv~~**iii**) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof~~;~~**, other than the regulations made under the Act; or**

(~~v~~**iv**) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that ~~materially and~~ ~~adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is ultra vires or invalid in a way that materially and~~ adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

Document comparison by Workshare Compare on November-29-17 10:09:57 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24564826/1
Description	#24564826v1<TorysAtWork> - Protection Event Definition
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24564826/2
Description	#24564826v2<TorysAtWork> - Protection Event Definition
Rendering set	Firm_Standard

Legend:	
Insertion	
~~Deletion~~	
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Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	9
Deletions	8
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	27

From:	Ken Kandeepan
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); "ASHBOURNE, STEPHEN"
Cc:	Mike Manning; Gadi Mayman; Ronald Kwan; Anna Strathy
Subject:	FW: EXTERNAL – Fair Hydro Plan Financing Program
Date:	Wednesday, December 13, 2017 8:40:44 AM
Attachments:	Change of Law Protection Agreement.docx Blackline__Change of Law Protection Agreement.pdf

Hi

This is what I just received from John

Thanks

Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Wednesday, December 13, 2017 8:38 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: EXTERNAL – Fair Hydro Plan Financing Program

Ken:
Confirming that the Protection Agreement has been sent by separate emails to each respective Rating Agency.
Process agreement hopefully can get signoff this morning.

John

From: Taylor, Brent R [mailto:brent.r.taylor@rbccm.com]
Sent: Tuesday, December 12, 2017 6:18 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; Simba.Murahwi@moodys.com; Aliya.Ehmar@moodys.com; Zulaikha.Khurram@moodys.com; Harry.Hendrix@moodys.com; Gavin.Macfarlane@moodys.com
Cc: Benaiah, Ian <ian.benaiah@rbccm.com>; Khan, Nur <nur.khan@rbccm.com>; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com) <Donnie.Persaud@cibc.com>; andrew.maciel@cibc.com; sunil.adalja@cibc.com; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com) <Katrina.Niehaus@gs.com>; Delaney, Brian (Brian.Delaney@gs.com) <Brian.Delaney@gs.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Subject: EXTERNAL – Fair Hydro Plan Financing Program

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Moody's Team,

In connection with the Fair Hydro Plan Financing Program please find attached;

Change of Law Protection Agreement – Clean / Blackline to December 4

Please let us know if you have any questions

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

---

From: Taylor, Brent R
Sent: December 6, 17 5:03 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Plan Financing Program

Moody's Team,

In connection with the Fair Hydro Plan Financing Program please find the below documents attached:

Warehouse Subordinated Supplemental Indenture – Clean / Blackline to the Warehouse Senior Supplemental Indenture
Warehouse Junior Subordinated Supplemental Indenture– Clean/ Blackline to the Warehouse Subordinated Supplemental Indenture
Term Subordinated Supplemental Indenture – Clean/ Blackline to the Term Senior Supplemental Indenture
Term Junior Subordinated Supplemental Indenture– Clean/ Blackline to the Term Subordinated Supplemental Indenture

<< File: Warehouse Subordinated Supplemental Indenture.DOCX >> << File: Warehouse Junior Subordinated Supplemental Indenture.DOCX >> << File: Blackline_Warehouse Subordinated Supplemental Indenture.pdf >> << File: Term Subordinated Supplemental Indenture.DOCX >> << File: Blackline_Term Junior Subordinated Supplemental Indenture.pdf >> << File: Blackline_Term Subordinated Supplemental Indenture.pdf >> << File: Term Junior Subordinated Supplemental Indenture.DOCX >> << File: Blackline_Warehouse Junior Subordinated Supplemental Indenture.pdf >>
We hope you will find these documents helpful in your analysis.

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor,

Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: December 5, 17 3:37 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Plan Financing Program

Moody's Team,

Attached is a December 5 draft of Change of Law Protection Agreement. This draft was provided by the Province and has not been commented on by OPG or the Dealers. The Dealers and OPG do expect to have comments.

You will note that there is a new Section 2.01(a)(iv)(D). This new Section only applies in the situation where all Approved Obligations (that is, obligations with the benefit of the Protection Agreement) have been repaid in full and there are still subrogation amounts owing to the Province. As we don't expect there will be any rated debt issued that is not an Approved Obligation, we don't think these provisions should be of significant concern to the rating agencies.

You will also note that the provisions allowing for the province to assume the obligations of Fair Hydro Trust have been dropped. The implementation of this proposal had a number of challenges so the decision was made to abandon it. As it was at the option of the Province and not a right of the noteholders, we do not consider this adverse.

Please let us know if you have any questions

<< File: Change of Law Protection Agreement.DOCX >> << File: Blackline_Change of Law Protection Agreement.pdf >>

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: December 4, 17 4:07 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Plan Financing Program

Moody's Team,

In connection with the Fair Hydro Plan Financing Program please find the below documents attached:

Master Trust Indenture – Clean / Blackline to November 7
Senior Term Supplement – Clean/ Blackline to November 15
Senior Warehouse Supplement – Clean/ Blackline to November 15

<< File: Blackline_Master Trust Indenture.pdf >> << File: Blackline_Senior Term Supplement.pdf >> << File: Blackline_Senior Warehouse Supplement.pdf >> << File: Master Trust Indenture.docx >> << File: Senior Term Supplement.docx >> << File: Senior Warehouse Supplement.docx >>
We hope you will find these documents helpful in your analysis.

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: December 1, 17 6:40 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Plan Financing Program

Moody's Team,

In connection with the Fair Hydro Plan Financing Program please find the below documents attached:

OPG Indemnity Agreement
IESO Acknowledgement and Indemnity Agreement
Declaration of Trust - Clean / Blackline to October 12
Management Agreement - Clean / Blackline to October 12
IESO Security Agreement - Clean / Blackline to November 7
Master Transfer and Servicing Agreement - Clean / Blackline to November 7

<< File: Blackline - Declaration of Trust.pdf >> << File: Blackline - IESO Security Agreement.pdf >> << File: Blackline - Management Agreement.pdf >> << File: Blackline - Master Transfer and Servicing Agreement.pdf >> << File: Declaration of Trust.docx >> << File: IESO Acknowledgement and

Indemnity Agreement.DOC >> << File: IESO Security Agreement.DOCX >> << File: Management Agreement.DOCX >> << File: Master Transfer and Servicing Agreement.DOCX >> << File: OPG Indemnity Agreement.DOC >>
We are expecting to send the revised Master Trust Indenture and Senior Warehouse Supplement early next week.

As always, please let us know if you have any questions.

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: November 22, 17 9:56 AM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Program: Change of Law Protection Agreement

Moody's Team,

In connection with the Fair Hydro Program please find attached;

Change of Law Protection Agreement

We hope you will find this document helpful in your analysis.

<< File: Change of Law Protection Agreement.docx >>

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: November 19, 17 2:12 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Preliminary Draft Offering Memorandum

Moody's Team,

We have attached a preliminary draft of the Offering Memorandum. Typically we would not share

the current form of the OM at this early stage, but we ŽthinkŽ it may help to advance your process by offering a high-level summary of the market, roles of the various participants and structure. It is worth noting that the OM is not synchronized with the most recent versions of the underlying documents.

As always, please let us know if you have any questions.

<< File: _Fair Hydro Trust - Preliminary Confidential Offering Memorandum.docx >>
Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: November 16, 17 9:45 AM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: RE: Fair Hydro Draft Agreements

Moody's Team,

In connection with the Fair Hydro Program please find attached;

Senior Term Supplement - Nov 15
Senior Warehouse Supplement - Nov 15

We hope you will find these documents helpful in your analysis. Additionally, we are happy to discuss any follow-up requests you may have regarding the financial model.

<< File: Senior Term Supplement - Nov 15.DOC >> << File: Senior Warehouse Supplement - Nov 15.DOCX >>
Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: November 7, 17 3:12 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)

Subject: Fair Hydro Draft Agreements

Moody's Team,

In connection with the Fair Hydro Program please find attached;

Master Trust Indenture (November 7th Rating Agency Draft)
MTSA (November 7th Rating Agency Draft)
IESO Security Agreement (November 7th Rating Agency Draft)

We hope you will find these documents helpful in your analysis. We will organize a call tomorrow to discuss next steps.

<< File: MTSA (November 7th Rating Agency Draft).DOCX >> << File: IESO Security Agreement (November 7th Rating Agency Draft).DOCX >> << File: Master Trust Indenture (November 7th Rating Agency Draft).DOCX >>
Regards,

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: October 13, 17 6:23 PM
To: Richard.Hunt@moodys.com; Andrew.Butville@moodys.com; 'Simba.Murahwi@moodys.com'; 'Aliya.Ehmar@moodys.com'; 'Zulaikha.Khurram@moodys.com'; 'Harry.Hendrix@moodys.com'; 'Gavin.Macfarlane@moodys.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Materials

Moody's Team,

Further to our kick-off meeting on October 3rd, I have attached a comprehensive presentation which contains information about the Ontario Electricity Market, Transaction Overview, Key Agreements and other information that we hope you will find helpful in your understanding and analysis.

In addition I have attached drafts of the Declaration of Trust and Management Agreement. The Declaration of Trust establishes a trust for the purpose of carrying on the activities of a financing entity as defined in the Ontario Fair Hydro Act, 2017. The Management Agreement delegates to OPG all powers and duties of managing the financing entity.

Please let us know if you would like us to arrange a call to walk you through these materials and provide context. Alternatively as you are going through the materials please reach-out with any

questions you have.

<< File: Fair Hydro Plan Financing Program 2017-10-13.pdf >> << File: Fair Hydro - Management Agreement (DRAFT).pdf >> << File: Fair Hydro - Declaration of Trust (DRAFT).pdf >>
Regards,

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

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

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

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**"

and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary

Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(b), be a “Specified

Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required

in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence

Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province

all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer

and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing

Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity

in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

["**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or the rights of the Province under the Limited Guarantee that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.] **[NTD: Under review by accountants and subject to sign off by all parties.]**

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in

the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Explanatory Note: Logistics of closing are under consideration by the Province.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust **organized** under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council ~~dated as of~~ 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A**, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture**;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Intentionally Deleted~~Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a

Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), ~~and~~ the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation ~~Entitlements~~**Amounts** specified below**, and the following terms shall apply**:

i. Not less than **three (**3**)** Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee

Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On ~~any~~**the first** Guarantee Payment Date**, and on each subsequent Guarantee Payment Date, Payment Date or other day** on which ~~an amount is paid by the Province pursuant to clause 2.01(a)ii~~**any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "Subrogation Payment Date"), the Issuer and the Indenture Trustee shall ensure that** the applicable payment provisions of the Trust Indenture shall~~, notwithstanding the express terms of such provisions set forth in the Trust Indenture,~~ be applied and operate on the following basis:

(A) ~~[2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date~~**If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("Payable Approved Amounts"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation** shall be reduced by the ~~amount of the Guarantee Payment paid~~**respective amounts of such payments** to the Beneficiary Payee~~ pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;~~**, and equivalent amounts shall be payable by the Financing Entity to the Province as "Subrogation Amounts" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing**

~~[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.~~

to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) ~~the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation~~**If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province** from amounts available ~~to pay the Beneficiary Payee~~ under ~~such payment provisions on the Guarantee Payment Date,~~**the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as** determined without regard to ~~the~~**any** Guarantee Payment paid on ~~such~~**any** Guarantee Payment Date and **also without regard to** the corresponding reduction of the ~~amount~~**amounts** owing to ~~the~~**present and former** Beneficiary ~~Payee~~**Payees** pursuant to subclause 2.01(a)iv(A) ~~(each such~~**up to the** amount ~~payable to~~**of** the ~~Province being a "~~**unpaid related** Subrogation ~~**Amount**");~~**Amounts.**

(C) ~~no~~**No** Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to ~~an~~**the Payable** Approved ~~Obligation~~**Amount** in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of **set-off, offset,** reimbursement, contribution

or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount~~;~~

~~(D)~~ [3]~~on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs on or after the date on which all amounts payable under all Approved Obligations have been paid in full, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts (each, a "**Final Subrogation Amount**"), in each case in the priorities specified below:~~

~~(I) as an amount ranking equally with [Senior Obligations][4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Senior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2)~~

[3] ~~Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.~~

[4] ~~Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.~~

[5] ~~Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.~~

~~the sum of all Subrogation Amounts paid to the Province up to and including such day;~~

~~(II) as an amount ranking equally with [Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Subordinated Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I); and~~

~~(III) as an amount ranking equally with [Junior Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [Junior Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such~~

~~day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II); and(E)~~

~~no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount~~.

(D) **For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.**

(b) ~~v.~~ On ~~any~~**each** Guarantee Payment Date **and upon demand by the Province**, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)~~iii.~~ **iii or that otherwise remains on deposit in the Protection Account on the relevant date.**

(c) ~~vi.~~ In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a)**, if applicable**.

(d) ~~(b)~~ The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)~~(iv)(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)~~**iv**(B) and as a payee of any amounts payable under clause 2.01(~~a)(v~~**b**), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) ~~(c)~~ For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation ~~Entitlements~~**Amounts**, set forth in Section 2.01(a).

(f) ~~(d)~~ Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) ~~(e)~~ Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) **Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.**

(i) ~~(f)~~ The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any

amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the ~~Beneficiaries~~**Beneficiary Payee** as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable ~~Beneficiaries~~**Beneficiary Payee** as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such ~~Beneficiaries~~**Beneficiary Payee** in respect of the applicable Approved Obligations, whereupon an affected Beneficiary **Payee** shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the

obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation ~~Entitlements~~**Amounts** and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

~~A~~**Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified** Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred~~,~~ or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. ~~(a)~~ the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. ~~(b)~~ OPG, as FSM, delivers ~~a certificate~~**an Adherence Compliance Certificate in the form attached hereto as Exhibit B** signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of ~~a~~**the** Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation)~~, confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation~~; and

iii. ~~(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied,~~ the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) ~~For greater certainty, (y)~~**Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement,** satisfaction of

the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or ~~otherwise~~ modified from time to time**.**

(c) **For greater certainty**, ~~and (z)~~ there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

~~A closing certificate~~**An Adherence Compliance Certificate** delivered in accordance with ~~Section~~**clause** 4.02(~~b) in connection with an incurrence of a Certified Primary Obligation~~**a)ii** shall be determinative as to whether the applicable Adherence ~~Conditions~~**Condition** with respect thereto ~~have~~**has** been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. ~~A closing certificate~~**An Adherence Compliance Certificate** that purports on its face to be signed by officers specified in ~~Section~~**clause** 4.02(~~b~~**a**) **ii** may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If ~~a closing certificate~~**an Adherence Compliance Certificate** is not delivered in accordance with the timing requirements of ~~Section~~**clause** 4.02(~~b) in respect of a Certified Primary Obligation,~~**a)ii** such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of ~~Section~~**clause** 4.02(~~b~~**a**)~~,~~**ii** if at the time such certificate was **otherwise** required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, ~~including~~**and shall be entitled to** (i) the right and entitlement to be paid and receive the related Subrogation ~~Entitlements~~**Amounts**, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent

of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including ~~[~~Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition)~~]~~; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section ~~5.01.~~**5.01.**

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation **and the Payable Approved Amounts thereunder** shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the

payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section [**7.10**~~(d)~~] of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) ~~(b)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. **If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.**

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision **or adherence** of the Limited Guarantee~~, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach~~ **to or in respect of** any Certified Primary Obligation **and the expiration of any applicable cure period**;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province ~~pursuant to~~**and its** internal requirements and processes in connection with the provision **or adherence** of the Limited Guarantee **to or in respect of any Certified Primary**

[6] ~~Explanatory Note: The Province is content to receive the same representations as are provided by the Indenture Trustee should be under the Trust Indenture. Please conform.~~

Obligations, proves to be incorrect **in any material respect** on the date made and~~, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation~~ **the expiration of any applicable cure period**; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager~~,~~**;**

the Province may ~~declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering~~**deliver** a written notice in the form of Exhibit ~~B~~**C** (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

~~The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.~~

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of**: (i)** any Primary Obligation incurred ~~or amended~~**, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case,** on or after the time such Suspension Notice is delivered~~, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).~~ **.**

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise

available to the Financing Entity from other available or committed sources (the "Proposal"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 ~~7.03~~ No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any **Post-Suspension** Refinancing**.** ~~of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).~~

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the **later of: (a) the** date that no amount is or may become due and payable by the Province under the Limited Guarantee **and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount**.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

~~Ministry~~**Minister** of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

~~Ministry~~**Minister** of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies ~~on~~**of the** occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration **of a funding obligation**" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"~~**Action**" has the meaning ascribed thereto under the Trust Indenture.~~**Adherence Compliance Certificate" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.**

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest~~ or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[7]~~**, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder),** (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not ~~each~~**any** individual trade confirmation **other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement**, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and **expected (as determined by the Manager, acting reasonably)** aggregate payments by the Financing Entity thereunder during the term of such contract ~~is~~**are or would be** in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

~~"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

~~[7] Explanatory Note: Province requires a Process Certificate for each monthly draw.~~

~~"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.~~

~~"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

~~"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).~~

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"Financing Plan" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"Holder" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act **as of the date of this Agreement**.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.~~

~~"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Legislature**" means the Legislature of the Province of Ontario.

"~~Lien~~**Liens**" has the meaning ascribed thereto in the Trust Indenture **as of the date hereof**.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~an ISDA~~**a** Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

["Material Effect" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or the rights of the Province under the Limited Guarantee that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General

Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.] [NTD: Under review by accountants and subject to sign off by all parties.]

"~~**Obligations Secured**~~**Notes**" has the meaning ascribed thereto in the Trust Indenture **as of the date hereof**.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"Payable Approved Amounts" has the meaning ascribed thereto in 2.01(a).

"Payment Date" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, **unlimited liability company,** estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"Post-Suspension Refinancing" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations.

"Pre-Approved Refinancing" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account ~~or required to be held in~~

~~the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date~~[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts~~ in the Collection Account pursuant to the Trust Indenture.~~"~~**Program Agreements**~~" has the meaning ascribed thereto~~ in the **Collection Account pursuant to the** Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[9], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that ~~materially and~~**(X)** adversely affects ~~(a)~~ the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay **Approved** Obligations~~ Secured, or (b) this Agreement or~~**, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account**

[8] ~~Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.~~

[9] ~~Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.~~

applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which **Approved** Obligations ~~Secured~~ arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that ~~materially and~~ adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay **Approved** Obligations ~~Secured~~ and that has the effect of the Financing Entity not in fact having sufficient funds to pay such **Approved** Obligations ~~Secured~~ that have become due and payable**, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b)**.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed ~~thereto~~**to the term "reference period"** in the Act **as of the date of this Agreement**.

"**Refinancing**"[10] has the meaning ascribed to the term "refinancing" in the Act as of the date ~~hereof~~**of this Agreement**, as more particularly described and given meaning in the General Regulation as of the date ~~hereof.~~[11]**of this Agreement.**

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified ~~Creditors~~Creditor**" has the meaning ascribed thereto in the Trust Indenture **on the date hereof**.

~~"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.~~

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"~~**Supplemental Indenture**~~**Subrogation Payment Date**" has the meaning ascribed ~~in the Trust Indenture.~~**thereto in clause 2.01(a)iv.**

~~"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.~~

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"True-up Amount" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[10] ~~Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.~~

[11] ~~Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.~~

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B

FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA, in its capacity as Indenture Trustee (the "Indenture Trustee") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "Master Trust Indenture")**

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "Change of Law Protection Agreement"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. **I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.**
2. **If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.**
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate **was** provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation**.**

DATED as of the [■] day of [■], [■].

Name: [1]	**Name:**
Office:	**Office:**

[1] **This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.**

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

BNY Trust Company of Canada, as Indenture Trustee

AND TO:

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in **clauses (a) to (d) of** Section 7.01 has occurred. Pursuant to Section ~~7.01,~~**7.01,** the Province hereby declares that the Limited Guarantee shall ~~not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.The Limited Guarantee shall~~ hereby not apply in respect of **(i)** any Primary Obligation incurred ~~or amended~~**, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case,** on or after delivery of this Suspension Notice~~, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-12-17 4:33:16 PM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop_Fair Hydro -- Change of Law Protection Agreement (Rating Agency Version).DOCX
Description	_Fair Hydro -- Change of Law Protection Agreement (Rating Agency Version)
Document 2 ID	file://C:\Users\bsaulnie\Desktop\#24626868v1_TorysAtWork_ - Change of Law Protection Agreement.docx
Description	#24626868v1_TorysAtWork_ - Change of Law Protection Agreement
Rendering set	Firm_Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	238
Deletions	170
Moved from	3
Moved to	3
Style change	0
Format changed	0
Total changes	414

From: Ronald Kwan
To: John Kim
Subject: FW: EXTERNAL – Protection Agreement / Adherence Conditions
Date: Tuesday, November 21, 2017 4:08:38 PM

From: Mike Manning
Sent: November-21-17 16:05
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: Fwd: EXTERNAL – Protection Agreement / Adherence Conditions

Begin forwarded message:

> **From:** LEE John -TREASURY <john.s.lee@opg.com>
> **Date:** November 21, 2017 at 3:40:27 PM EST
> **To:** 'Mike Manning' <Mike.Manning@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Cc:** WONG Leslie -LAWDIV <leslie.wong@opg.com>
> **Subject: FW: EXTERNAL – Protection Agreement / Adherence Conditions**
>
> Mike:
>
> Some thoughts from the dealers.
>
> John
>
> ---
>
> **From:** Benaiah, Ian [mailto:ian.benaiah@rbccm.com]
> **Sent:** Tuesday, November 21, 2017 3:33 PM
> **To:** LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
> **Cc:** Katrina Niehaus (Katrina.Niehaus@gs.com) <Katrina.Niehaus@gs.com>; Brian Delaney (brian.delaney@gs.com) <brian.delaney@gs.com>; Donnie Persaud (Donnie.Persaud@cibc.com) <Donnie.Persaud@cibc.com>; Adalja, Sunil (Sunil.Adalja@cibc.com) <Sunil.Adalja@cibc.com>; Maciel, Andrew (Andrew.Maciel@cibc.com) <Andrew.Maciel@cibc.com>; Khan, Nur <nur.khan@rbccm.com>; Taylor, Brent R <brent.r.taylor@rbccm.com>
> **Subject:** EXTERNAL – Protection Agreement / Adherence Conditions
>
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John – We have spent considerable time on the Change of Law Protection Agreement (the "Protection Agreement") to ensure that its benefits can easily be identified and understood by investors. The robustness of the Protection Agreement is critical for obtaining optimal ratings, and the marketability of the warehouse and term debt transactions. Here are our collective thoughts on the concepts of having Adherence Conditions and a suspension right in the Protection Agreement:

- Investors need certainty that when they invest in the Financing Entity, they have the protection of the change of law agreement for any amounts owing under the terms of their debt
- It is important for all creditors of the Financing Entity to have the benefit of the Protection Agreement to ensure that there is no misalignment between different groups of creditors
- Under the current draft, Financing Entity obligations are only protected under the Protection Agreement if they satisfy the "Adherence Conditions"
- The concept of having any Adherence Conditions makes it uncertain when something is covered; for example, the current draft provides that OPG has to deliver a certificate for some subset of obligations (the scope of that subset of obligations is still an open point in the draft)
- Even if we could get 100% clarity on when a certificate is required to be delivered in order for an obligation to be protected, the dealers have to rely on OPG delivering that certificate and there is concern that a certificate may not always be delivered
- Essentially, Adherence Conditions make it impossible to be certain that obligations are or aren't covered under the Protection Agreement

The proposal we shared this morning was designed to give investors (and all creditors) of the Financing Entity assurance that obligations are protected while maintaining the Province's oversight over the program. We should also point out that with respect to the right to suspend the application of the Protection Agreement, its effect on refinancing the warehouse must be addressed.

Thanks, Ian

Ian Benaiah | Director, Securitization Finance | RBC Capital Markets | TEL: 416.842.3820 | FAX: 416.842.3888 | ian.benaiah@rbccm.com

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From:	Mike Manning
To:	Gadi Mayman; Anna Strathy; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Ronald Kwan; "ASHBOURNE, STEPHEN"; Ken Kandeepan
Cc:	James Devine; Carlos Yep
Subject:	FW: EXTERNAL – RA Feedback
Date:	Tuesday, November 28, 2017 9:58:59 AM

We may want to have a chat on these issues some time today.

Regards, Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Tuesday, November 28, 2017 9:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: EXTERNAL – RA Feedback

See comment below from Moodys

From: Benaiah, Ian [mailto:ian.benaiah@rbccm.com]
Sent: Monday, November 27, 2017 6:31 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Cc: Donnie Persaud (Donnie.Persaud@cibc.com) <Donnie.Persaud@cibc.com>; Adalja, Sunil (Sunil.Adalja@cibc.com) <Sunil.Adalja@cibc.com>; Maciel, Andrew (Andrew.Maciel@cibc.com) <Andrew.Maciel@cibc.com>; Katrina Niehaus (Katrina.Niehaus@gs.com) <Katrina.Niehaus@gs.com>; Brian Delaney (brian.delaney@gs.com) <brian.delaney@gs.com>; Taylor, Brent R <brent.r.taylor@rbccm.com>
Subject: EXTERNAL – RA Feedback

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John – I spoke with Moody's and DBRS on the Change of Law Protection Agreement ("CPLA"). Here is an update from each rating agency:

Moody's provided the following three comments:
Section 2.01(a) – "Upon the occurrence of a Protection Event, the Indenture Trustee **may** deliver a written demand to the Province requiring the Province to make payments in respect of the Approved Obligations". Moody's is looking for something that is more iron clad and expected to see "shall" instead of "may".
Schedule A Defined Terms – "Protection Event":
at the bottom of paragraph (a) it indicates that the occurrence of any of the events in (i) through (v) are subject to materiality. Moody's view is that if there are any adverse effects it should constitute a Protection Event, and that the materiality threshold should be deleted. The CPLA is a critical piece in their evaluation, and there should be no ambiguity, uncertainty or dispute in determining whether a Protection Event has occurred. Given the large scale of the program, it may be difficult to prove that

smaller payment obligations are material, even though it may affect their ability to rate the timely payment of interest, or ultimate payment of principal.

The test for an adverse effect is that it impairs the ability of the issuer to pay "Obligations Secured". Moody's would like for it to read "Obligations Secured in accordance with their original terms". Since the Moody's rating at the time of issuance addresses the timely payment of scheduled interest and repayment of principal on the stated maturity date, they are concerned there could be a change of law that extends the collection period that would still allow for payment of secured debts, but on an elongated timeline. That ability is an issue in their rating of the notes.

DBRS

I spoke with DBRS this afternoon, and they have prioritized the CPLA, and expect to provide comments by the end of the day tomorrow.

As for the modelling, Moody's has no further stress cases that it needs evaluated (for now). DBRS mentioned they have asked CIBC to run several different sensitivities and they are awaiting feedback.

Ian

Ian Benaiah | Director, Securitization Finance | RBC Capital Markets | TEL: 416.842.3820 | FAX: 416.842.3888 | ian.benaiah@rbccm.com

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From: Hanslep, Malle (MOF)
To: Tobias, Alena (ENERGY); Tobias P. Whitfield (MOF); McKinlay, Tom (ENERGY)
Cc: Anne Smythe; Ronald Kwan
Subject: FW: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date: Saturday, November 18, 2017 10:32:38 AM
Attachments: Document Document.pdf

Please see below.

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: November-17-17 8:20 PM
To: 'WONG Leslie -LAWDIV'; Hanslep, Malle (MOF); LEE John -TREASURY; Mansoori, Nina
Cc: Manning, Mike (OFA); ASHBOURNE, STEPHEN; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; Kandeepan, Ken (OFA); 'Sebastiano, Rocco'; Milligan, Peter; Feldman, Michael; Ramchandani, Rima
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

Malle, attached are the changed pages of the Master Trust Indenture reflecting the changes agreed upon between OPG and the Province as set out below. We are cc'ing the Osler Team and note that the attached remains subject to their review and sign off.

Regards,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com/rima.com/

TORYS LLP (torys.com)

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November-17-17 5:48 PM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

Dear Malle,

We have provided instructions to Torys to reflect your request below in the MTI. They will need to run the changes by the Dealers' counsel, and will circulate the changed pages of the MTI to the group as soon as they have received sign-off from Dealers' counsel.

Regards,

Les

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

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 5:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; 'nmansoori@torys.com' <nmansoori@torys.com>
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Subject: Re: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

Hi John

As a follow up here the province is requesting that this be in the master trust indenture. That it be an obligation of the Trust and Indenture Trustee and that it be included in the amendment provisions of the trust indenture s 11,01 11'02 and 13.18 and acknowledge the point about the point that failure to reliever the notice does not invalidate. As noted we are requesting inclusion in the Trust Indenture not protection agreement

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: LEE John -TREASURY
Sent: Friday, November 17, 2017 16:56
To: Ramchandani, Rima; 'nmansoori@torys.com'
Cc: Manning, Mike (OFA); ASHBOURNE, STEPHEN; Hanslep, Malle (MOF); WONG Leslie -LAWDIV; LAURETA LAPIRA May -TREASURY; LADAK Lubna -TREASURY; Kandeepan, Ken (OFA)
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

Rima:

Further to our early discussion I have confirmed with Mike the approach to the amendments, can you draft something that reflect the following points:

- Province gets a copy of all the notices regarding amendments that OPG sends to the Indenture Trustee under the MTI;
- Province gets a copy of all of the notices regarding amendments that the Indenture Trustee under the MTI sends out to bondholders;
- This could be put in the Change of Law Protection Agreement, where the Indenture Trustee is a party. However, if it is in the MTI, the Province would not be a party to the MTI as this may trip accounting test. Please note the Province request below that it be in the MTI.
- The failure by OPG or the Indenture Trustee to deliver a notice to the Province does not invalidate the amendments or the Province's guarantee which is the key point from the Dealers.

We will need Torys (in consultation with Oslers) to prepare the specific language and confirm where it will go.
If you could expedite this request that would be appreciated.

Thanks

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 4:41 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
Cc: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

Thanks John.

Regarding the other item that you discussed with Mike on the approach to amendments to the master trust indenture respecting notice to the Province, we would appreciate receive a mark-up of the master trust indenture of OPG's proposal for the Province's review as soon as possible for our review as this is an important item for the Province.

Thank you.

Malle

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: November 17, 2017 4:37 PM
To: ASHBOURNE, STEPHEN
Cc: Hanslep, Malle (MOF); Manning, Mike (OFA)
Subject: RE: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

Thanks for turning this around quickly.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, November 17, 2017 4:24 PM
To: Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Saulnier, Brett <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>
Cc: Hanslep, Malle (MOF) [Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>] <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Whitfield, Tobias P. (MOF) [Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>] <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>) <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Kwan, Ronald (OFA) [Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>] <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; tom.mckinlay@ontario.ca<mailto:tom.mckinlay@ontario.ca>; VINER, JON <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Gadi Mayman [Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>] <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>
Subject: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

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Attached are comments on your drafts from 8:30 last night. The attached blacklines are to those versions. These remain subject to review and comment by the Province, but we hope will give you a version (with several open items identified in Notes) OPG can feel comfortable sharing with its Board for their information purposes. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Thursday, November 16, 2017 8:29 PM
To: ASHBOURNE, STEPHEN; Feldman, Michael; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin; Sebastiano, Rocco; Ramchandani, Rima; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca<mailto:tom.mckinlay@ontario.ca>; Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>
Cc: Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

All – please find attached consolidated comments from OPG and the Dealers on the Change of Law Agreements. Please note that the attached remains subject to the review of the working group. There are a few drafting points to confirm amongst the lawyers but please let us know if there are any remaining business points to be discussed on these documents tomorrow. Many thanks,

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | https://na01.safelinks.protection.outlook.com/?url=www.torys.com&data=02%7C01%7Cleslie.wong%40opg.com%7Cd05d686cf564b70d2db08d52e0bdb78%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465550837198145&sdata=oNpQDdAkKp%2BukwKaeVZH8aDoG8%2FVBmii6IQIqHwb%2BA%3D&reserved=0<https://na01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.torys.com&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=uUkbK4wSJTxf%2BKbM7J3oolyb848nMMqJI58uI5A2c%3D&reserved=0>[na01.safelinks.protection.outlook.com]>

[Torys LLP]<https://na01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.torys.com%2F&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=Wo7FvyI%2FhQnSNmYoZL5mDtHLs%2FgsDH6nSoWE8oesbZ%2BQ%3D&reserved=0>[na01.safelinks.protection.outlook.com]>

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-14-17 8:30 PM
To: Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; VINER, JON <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>; Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca<mailto:tom.mckinlay@ontario.ca>; Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Saulnier, Brett <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; 'Benaiah, Ian' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; Niehaus, Katrina <Katrina.Niehaus@gs.com<mailto:Katrina.Niehaus@gs.com>>; Delaney, Brian <Brian.Delaney@gs.com<mailto:Brian.Delaney@gs.com>>; Conner, Robbin <Robbin.Conner@gs.com<mailto:Robbin.Conner@gs.com>>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find attached revised versions of the Protection and Process Agreements. The blacklines show changes to the November 2nd (Province/Blakes) and November 8th (OPG/Dealers/Osler/Torys) circulated versions. In the interest of time, these versions are being circulated at the same time to the Province and so remain subject to comment. Please let us know if you have any comments or concerns. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Thursday, November 09, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>; Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca<mailto:tom.mckinlay@ontario.ca>; Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.

The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.

Regards, Rocco
[cid:image001.gif@01D35D84.2A5D7330]

Rocco Sebastiano
Partner

416.862.5859

DIRECT

416.862.6666

FACSIMILE

rsebastiano@osler.com<mailto:rsebastiano@osler.com>

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

[cid:image002.gif@01D35D84.2A5D7330]<https://na01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.osler.com%2F&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=0Pc7uHm4j38y1Uittg6Sapw2TJKTcSw2or6c%2B7FYq0%3D&reserved=0[na01.safelinks.protection.outlook.com]>

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Hill, Krista <khill@torys.com<mailto:khill@torys.com>>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; tom.mckinlay@ontario.ca<mailto:tom.mckinlay@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; VINER, JON <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

_____

[cid:imageb23443.GIF@edc8812c-40a5c483]

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blakes.com<https://na01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.blakes.com&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=k59YKfUpLpn%2FC98DGMKRUJ1uaTzGuCObabvqB3NOEAc%3D&reserved=0[na01.safelinks.protection.outlook.com]> |
Twitter<https://na01.safelinks.protection.outlook.com/?url=http%3A%2F%2Ftwitter.com%2FBlakesLaw%2F&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=3%2FvPggjMcoACGXvlpZHdbYv%2FIeON2EAPz0xVTo9dD8c%3D&reserved=0[na01.safelinks.protection.outlook.com]> |
Unsubscribe<https://na01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.blakes.com%2FEnglish%2FResources%2FBulletins%2FPages%2Funsubscribe.aspx&data=02%7C01%7Cjohn.s.lee%40opg.com%7C4399c6d6b4c946b2e0c708d52e019a22%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636465507755337662&sdata=MGc4cvKxr2pog%2B4THWvPMiPB8A1S8LYiW6MNJaZdBE%3D&reserved=0[na01.safelinks.protection.outlook.com]>

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_____

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

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10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Debtholders holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not Outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency **and the Province**, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer

Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to evidence the assumption by the Province of all Obligations Secured in connection with Section 5.06; or

(c) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(d) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(e) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(f) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(g) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(h) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(i) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(j) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(k) to facilitate the issuance of Foreign Currency Issuer Funding Obligations; or

(l) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(m) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(n) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (n) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor **but with 10 Business Days' prior notice to the Province by the Indenture Trustee and the Issuer**, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (n) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor **but with 10 Business Days' prior notice to the Province by the Indenture Trustee and the Issuer**, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (n) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor **but with 10 Business Days' prior notice to the Province by the Indenture Trustee and the Issuer**, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

The Issuer **and the Indenture Trustee** shall send a copy of any amendment to this Indenture or any Supplemental Indenture to each Rating Agency **and the Province in accordance with this Section 11.01; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture or failure to provide any notice under this Section 11.01 shall not invalidate such amendment to this Indenture or Supplemental Indenture**.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with **10 Business Days'** prior notice to each Rating Agency **and the Province,** and the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby:

(a) change an Interest Payment Date, Principal Payment Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution will approve the substance thereof.

The Issuer and the Indenture Trustee shall send a copy of any amendment to this Indenture or any Supplemental Indenture to each Rating Agency and the Province in accordance with this Section 11.02; provided that failure to send copies of any amendment to this Indenture or any Supplemental Indenture or failure to provide any notice under this Section 11.02 shall not invalidate such amendment to this Indenture or Supplemental Indenture.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(f)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) The Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Funding Obligation Agreements (other than this Indenture and Derivative Agreements) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor, except as expressly permitted by such Specified Creditor, and unless the Rating Agency Condition is satisfied **and the Issuer has provided the Province with 10 Business Days' prior written notice (provided that failure to provide such notice shall not invalidate such supplementation, amendment, modification, restatement or replacement, or waiver or consent)**; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement unless the Rating Agency Condition is satisfied.

(b) The Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made with the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption

From:	Gadi Mayman
To:	Mike Manning; Ronald Kwan; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Scott Nelms (ENERGY); James Devine; Carlos Yep; Mark Donaldson (MOF)
Cc:	Anna Strathy
Subject:	FW: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet
Date:	Thursday, September 14, 2017 10:05:05 AM
Attachments:	Province Change in Law Agreement (OPG_sCommentsSeptember13_17).docx Blackline_ProvincialDraft.pdf Blackline_DealerDraft.pdf

Adding Mark and Anna.

From: Mike Manning
Sent: Thursday, September 14, 2017 10:01 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

Just received. This I believe incorporates E&Y comments.
Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, September 14, 2017 9:56 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: RYFA Ken -TREASURY <ken.ryfa@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: FW: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

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From: RYFA Ken -TREASURY
Sent: Thursday, September 14, 2017 9:44 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Subject: FW: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

Here it is.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, September 13, 2017 6:35 PM
To: 'Fullerton, Rick' <RFullerton@osler.com>; 'Milligan, Peter' <PMilligan@osler.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; 'Smith, Elliot' <ESmith@osler.com>; 'Innes, Michael' <MInnes@osler.com>; 'Bennett, Christopher' <CBennett@osler.com>; 'King, Richard' <rking@osler.com>; 'Royer, Kate' <KRoyer@osler.com>; 'Hughes, Timothy' <THughes@osler.com>

Cc: LEE John -TREASURY <john.s.lee@opg.com>; 'alan.hibben@rogers.com' <alan.hibben@rogers.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; YAO Anthea -FUNDMGMT <anthea.yao@opg.com>; JORDA Jenny -FIN & C CTRL <jenny.jorda@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; DREWNIAK John -TREASURY <john.drewniak@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Feldman, Michael <mfeldman@torys.com>; Hill, Krista <khill@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Emes, Aaron <aemes@torys.com>; Leibel, Robbie <rleibel@torys.com>; Keizer, Charles <ckeizer@torys.com>; Myers, Jonathan <jmyers@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Bomhof, Scott <sbomhof@torys.com>; Slavens, Adam <aslavens@torys.com>; Wortsman, Jerald <jwortsman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; 'mfitzpatrick@hunton.com' <mfitzpatrick@hunton.com>; 'aobrian@hunton.com' <aobrian@hunton.com>; Watson, Gwen <gwatson@torys.com>
Subject: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

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

Osler team – please find attached a revised draft of the term sheet for the Provincial Change of Law Assumption Agreement (blacklined to the Province's draft as well as the draft you prepared on August 14). Please note that there are some formatting issues in the blacklines that do not appear in the clean word version.

Please also note that this draft is being concurrently circulated to OPG and remains subject to OPG's review. Please let us know if you or the dealers have any comments by no later than this Friday. We will need to circulate a revised draft of the term sheet to the Province by then.

Thank you,
Nina

Nina Mansoori
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Change of Law Assumption Agreement

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder and made in connection thereto (the "**Regulation**").[1] This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act or the August 23, 2017 draft of the Master Trust Indenture (as defined below), as applicable. The provincial assumption arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

This Term Sheet does not discuss the servicing commingling risk and the warehousing takeout risk, which will be addressed separately by the following (i) the Master Transfer and Servicing Agreement will include an obligation for the IESO to provide a letter of credit if required to support the Funding Obligations in an amount equal to one month of anticipated collections of the clean energy adjustments by all non-rated local distribution companies, and (ii) there will be a step up in pricing reflected in the documents evidencing the short term debt issuance.

Change of Law Assumption Agreement:	A Change of Law Assumption Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Specified Creditors in accordance with the Master Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance.
Indenture Trustee:	An indenture trustee, acting for and on behalf of the Specified Creditors under a master trust indenture to be entered into by the Financing Entity, as issuer (the "**Master Trust Indenture**").
Beneficiaries:	The Indenture Trustee, acting for and on behalf of the Specified Creditors.

[1] Regulations covered by the Change of Law Assumption Agreement must also include the regulations obligating the IESO to pay the debt carrying costs during the moratorium period.

Obligations Secured:	Obligations Secured approved as contemplated below under Obligor Approval.[2]
Assumption Events:	Any of the following would constitute an Assumption Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends the Regulation made under the Act or any portion thereof; (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*); or (5) there is a change in the organization, structure or operations of the IESO or a change in the electricity market structure or operations not otherwise effected through the actions described in clauses (A)(1) through (4) above.[3] in each case, that is reasonably expected to adversely affect (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay the Obligations Secured or (b) the Change of Law Assumption Agreement or any of the agreements under which Obligations Secured arise without the agreement of the Indenture Trustee; or[4] (B) a court of competent jurisdiction determines that all or a portion of the Act or the Regulation is *ultra vires*, invalid or inoperative in a way that adversely affects the ability of the Financing Entity to receive amounts on its investment

[2] "Obligations Secured" is a defined term in the Master Trust Indenture and encompasses all debts and liabilities of the Financing Entity owing to the Specified Creditors and captures subordinated debt as well. As discussed on the call with Blakes and the Provincial legal team, excluding subordinated debt from the benefits of the Assumption Agreement will increase the pricing of such debt, the costs of which would ultimately be passed on to ratepayers.

[3] We understand certain internal changes to the structure of the IESO may be made by the IESO board without statutory enactments.

[4] A materiality qualifier is not appropriate since a change of law that would result in either (a) or (b) is by its nature material.

	interest so that it can pay the Obligations Secured including, without limitation, a declaration that any funding obligations of the Financing Entity or any investment interests are invalid or unenforceable.
Obligation to Pay the Obligations Secured:	Upon the occurrence of an Assumption Event, the Obligor will pay the amounts pertaining to the Obligations Secured on behalf of the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Master Trust Indenture shall constitute the only remedy available under the Change of Law Assumption Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages.
Subrogation:	Upon paying an amount to a Beneficiary in respect of an Obligation Secured, the Obligor shall become entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Obligations Secured, including the security interest in the property of the Financing Entity.

Event of Default Cure:[5]	Upon the occurrence of a Default under the Master Trust Indenture (being an event which, with the passage of time or giving of notice could become an Event of Default), the Obligor would have the following rights: (A) a right to receive written notice from the Indenture Trustee (at the same time that such trustee provides a notice to the Financing Entity through OPG as the manager) that a Default has occurred; (B) in the event of the occurrence of an Event of Default that is not based upon the occurrence of a Default followed by a cure period (such as insolvency of the Financing Entity), a right to receive written notice from the Indenture Trustee that an Event of Default has occurred; and (C) a right (but not an obligation) to cure the Default or the Event of Default, as the case may be, within a specified cure period, which will run concurrently with any cure period available under the Master Trust Indenture with respect to the applicable Event of Default. The Master Trust Indenture will provide that notwithstanding the occurrence of an Event of Default, the Obligations Secured may not be accelerated until the expiry of the cure period available to the Obligor. If the Default or Event of Default in question cannot be cured by the Obligor on behalf of the Financing Entity within this cure period, then the Obligor will have the option (but not an obligation) to "cure" and avoid acceleration of the Obligations Secured by assuming those Obligations Secured. In such circumstances, the Fair Hydro program would be discontinued and the Obligations Secured owing under the program would be those of the Obligor.
Optional Assumption:	At any time following an Assumption Event or an Event of Default, the Obligor shall be entitled (but not obligated) to assume all of the Obligations Secured. The Financing Entity (including through the Manager) will ensure that any Obligations Secured by their contractual terms permit, on an Assumption Event or an Event of Default, an assumption by the Obligor without any requirement for further consent, approval or agreement of the applicable Specified Creditor.
Term:	The Change of Law Assumption Agreement will continue for as long as any Obligations Secured remain outstanding.

[5] We have layered in our proposal on acceleration which was provided to all parties in a memo from OPG dated August 30, 2017.

Obligor Approval:	The Change of Law Assumption Agreement will apply to all Obligations Secured that are incurred by an "Eligible Financing Entity" designated as such in accordance with the following process: In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will review the constating documents of such Financing Entity and the various program agreements. Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, the Manager will notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective.[6] It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following process: (A) At least **[30 days]** prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, the Manager will provide the Obligor with a forecast of the principal amount of Funding Obligations that the Manager expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "**Two Year Forecast**"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast. (B) the Manager shall provide the Obligor with an updated Two Year Forecast between **[6 and 9 months]** prior to the expiry of each current Two Year Forecast. (C) Unless the Obligor provides the Manager with a written notice no later than **[3 months]** prior to the expiry of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations and all

	other Obligations Secured in connection thereto incurred up to the expiry of the new Two Year Forecast.
FIPPA:	The Change of Law Assumption Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Assumption Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

[6] We have not included an express right of the Province to review and sign off on program agreements since that is subsumed in the concept of Eligible Financing Entity – the Province will confirm it is comfortable with such documents prior to designating a Financing Entity an Eligible Financing Entity.

Change of Law Assumption Agreement

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder* ***and made in connection thereto*** *(the "**Regulation**").*[1] *This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act* ***or the August 23, 2017 draft of the Master Trust Indenture (as defined below), as applicable****. The provincial* ~~*protection and assurance*~~***assumption*** *arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

This Term Sheet does not discuss the servicing commingling risk and the warehousing takeout risk, which will be addressed separately by the following (i) the Master Transfer and Servicing Agreement will include an obligation for the IESO to provide a letter of credit if required to support the Funding Obligations in an amount equal to one month of anticipated collections of the clean energy adjustments by all non-rated local distribution companies, and (ii) there will be a step up in pricing reflected in the documents evidencing the short term debt issuance.

Change of Law Assumption Agreement:	A Change of Law Assumption Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the ~~Beneficiaries~~**Specified Creditors** in accordance with ~~a~~**the Master** Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance ~~acting together~~.
Indenture Trustee:	An indenture trustee, acting for ~~itself~~ and on behalf of ~~other persons entitled under an applicable~~**the Specified Creditors under a master trust indenture to be entered into by the Financing Entity, as issuer (the "Master Trust Indenture")**.
Beneficiaries:	The Indenture Trustee, acting for ~~itself~~ and on behalf of ~~other persons entitled under~~**the** Specified ~~Claims~~**Creditors**.
~~**Specified Claims**~~**Obligations Secured:**	~~Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are~~**Obligations Secured**

[1] **Regulations covered by the Change of Law Assumption Agreement must also include the regulations obligating the IESO to pay the debt carrying costs during the moratorium period.**

	approved as contemplated below under Obligor Approval. ~~Specified Claims are expected to include principal and interest on senior debt obligations issued by the Financing Entity [and any other monetary obligations of the Financing Entity that rank ahead of or equally in priority of payment with the senior debt obligations of the Financing Entity pursuant to the Trust Indenture].~~[2]
Assumption Events:	Any of the following would constitute an Assumption Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (B) (2) the Legislature enacts or amends any other statute; (C) (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) **or amends** the ~~General~~ Regulation made under the Act or any portion thereof; ~~or~~ (D) (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*)~~,~~**; or** (E) **(5) there is a change in the organization, structure or operations of the IESO or a change in the electricity market structure or operations not otherwise effected through the actions described in clauses (A)(1) through (4) above.**[3] (F) in each case, that ~~materially and~~**is reasonably expected to** adversely ~~affects~~**affect** (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can

[2] "Obligations Secured" is a defined term in the Master Trust Indenture and encompasses all debts and liabilities of the Financing Entity owing to the Specified Creditors and captures subordinated debt as well. As discussed on the call with Blakes and the Provincial legal team, excluding subordinated debt from the benefits of the Assumption Agreement will increase the pricing of such debt, the costs of which would ultimately be passed on to ratepayers.

[3] We understand certain internal changes to the structure of the IESO may be made by the IESO board without statutory enactments.

	pay ~~Specified Claims~~**the Obligations Secured** or (b) the Change of Law Assumption Agreement or any of the agreements under which ~~Specified Claims~~**Obligations Secured** arise without the agreement of the Indenture Trustee; or[4] (G) a court of competent jurisdiction ~~in a final and non-appealable judgement~~ determines that all or a portion of the Act or the Regulation is *ultra vires*~~,~~ **invalid or inoperative** in a way that ~~materially and~~ adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay ~~Specified Claims~~**the Obligations Secured including, without limitation, a declaration that any funding obligations of the Financing Entity or any investment interests are invalid or unenforceable**.
Obligation to ~~Assume Specified Claims~~Pay the Obligations Secured:	Upon the occurrence of an Assumption Event, ~~the Indenture Trustee will have the right to require~~ the Obligor ~~to~~**will** pay the ~~amount of Specified Claims~~**amounts pertaining to the Obligations Secured** on behalf of the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the **Master** Trust Indenture shall constitute the only remedy available under the Change of Law Assumption Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages~~, or for economic loss or loss of profits~~.
Subrogation:	Upon paying an amount to a Beneficiary in respect of ~~a Specified Claim~~**an Obligation Secured**, the Obligor shall become entitled to all of the applicable Beneficiary's rights and interests under and in respect of the ~~Specified Claim~~**Obligations Secured**, including the security interest in ~~each related investment interest and related~~**the** property of the Financing Entity~~ and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent~~.
Event of Default Cure:[5]	**Upon the occurrence of a Default under the Master Trust Indenture (being an event which, with the passage of time or giving of notice could become an Event of Default), the**

[4] **A materiality qualifier is not appropriate since a change of law that would result in either (a) or (b) is by its nature material.**

[5] **We have layered in our proposal on acceleration which was provided to all parties in a memo from OPG dated August 30, 2017.**

	Obligor would have the following rights: **(A) a right to receive written notice from the Indenture Trustee (at the same time that such trustee provides a notice to the Financing Entity through OPG as the manager) that a Default has occurred;** **(B) in the event of the occurrence of an Event of Default that is not based upon the occurrence of a Default followed by a cure period (such as insolvency of the Financing Entity), a right to receive written notice from the Indenture Trustee that an Event of Default has occurred; and** **(C) a right (but not an obligation) to cure the Default or the Event of Default, as the case may be, within a specified cure period, which will run concurrently with any cure period available under the Master Trust Indenture with respect to the applicable Event of Default.** **(D) The Master Trust Indenture will provide that notwithstanding the occurrence of an Event of Default, the Obligations Secured may not be accelerated until the expiry of the cure period available to the Obligor. If the Default or Event of Default in question cannot be cured by the Obligor on behalf of the Financing Entity within this cure period, then the Obligor will have the option (but not an obligation) to "cure" and avoid acceleration of the Obligations Secured by assuming those Obligations Secured. In such circumstances, the Fair Hydro program would be discontinued and the Obligations Secured owing under the program would be those of the Obligor.**
Optional ~~Replacement~~Assumption:	At any time following ~~the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable~~**an Assumption Event or an Event of Default**, the Obligor shall be entitled (but not obligated) to ~~replace the Financing Entity as obligor and debtor and directly~~ assume all of the ~~Financing Entity's outstanding obligations and liabilities~~**Obligations Secured**. The Financing Entity (including through the ~~Financial Services~~ Manager) will ensure that any ~~obligation and liabilities undertaken or assumed by it will~~**Obligations Secured** by their **contractual** terms permit ~~such a replacement and assumption (or, if applicable, satisfaction and termination)~~**, on an Assumption Event or an Event of Default, an assumption** by the Obligor ~~without additional cost or penalty and~~ without any requirement for further consent, approval or

	agreement **of the applicable Specified Creditor**.
Term:	The Change of Law Assumption Agreement will continue for as long as any ~~Specified Claim remains~~**Obligations Secured remain** outstanding.
Obligor Approval:	The<~~ *Change of Law Assumption Agreement* >~~will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Assumption Agreement applies to such Specified Claim.~~ ~~The Change of Law Assumption Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the~~ Change of Law Assumption Agreement will apply to ~~Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims.~~**all Obligations Secured that are incurred by an "Eligible Financing Entity" designated as such in accordance with the following process:** **In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will review the constating documents of such Financing Entity and the various program agreements. Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, the Manager will notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective.[6]** **It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following process:** **(A) At least [30 days] prior to the initial issuance of**

[6] We have not included an express right of the Province to review and sign off on program agreements since that is subsumed in the concept of Eligible Financing Entity – the Province will confirm it is comfortable with such documents prior to designating a Financing Entity an Eligible Financing Entity.

	Funding Obligations by an Eligible Financing Entity, the Manager will provide the Obligor with a forecast of the principal amount of Funding Obligations that the Manager expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the> *Change of Law Assumption Agreement* <**in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.** **(B) the Manager shall provide the Obligor with an updated Two Year Forecast between [6 and 9 months] prior to the expiry of each current Two Year Forecast.** **(C)** ~~The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.~~ **Unless the Obligor provides the Manager with a written notice no later than [3 months] prior to the expiry of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations and all other Obligations Secured in connection thereto incurred up to the expiry of the new Two Year Forecast.**
FIPPA:	The Change of Law Assumption Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Assumption Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

Document comparison by Workshare Compare on September-13-17 6:21:56 PM

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Split/Merged cell	
Padding cell	

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~~**Provincial Protection and Assurances**~~

Change of Law Assumption Agreement

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

This ***indicative*** *term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017* ***(the "Act")*** *and the regulations* ~~*to be*~~ *made thereunder* ***and made in connection thereto*** *(the "*~~***Act***~~***Regulation***").[1] *This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act*~~.~~ ***or the August 23, 2017 draft of the Master Trust Indenture (as defined below), as applicable. The provincial assumption arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.***

This Term Sheet does not discuss the servicing commingling risk and the warehousing takeout risk, which will be addressed separately by the following (i) the Master Transfer and Servicing Agreement will include an obligation for the IESO to provide a letter of credit if required to support the Funding Obligations in an amount equal to one month of anticipated collections of the clean energy adjustments by all non-rated local distribution companies, and (ii) there will be a step up in pricing reflected in the documents evidencing the short term debt issuance.

Change ~~in~~of Law ~~Guarantee~~Assumption Agreement:	**A Change of Law Assumption Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Specified Creditors in accordance with the Master Trust Indenture.**
~~Guarantor~~Obligor:	The Province of Ontario**, by the Minister of Energy and the Minister of Finance.**
Indenture Trustee:	**An indenture trustee, acting for and on behalf of the Specified Creditors under a master trust indenture to be entered into by the Financing Entity, as issuer (the "Master Trust Indenture").**
Beneficiaries:	**The Indenture Trustee, acting for and on behalf of the Specified Creditors.**
Obligations Secured:	**Obligations Secured approved as contemplated below under**

[1] **Regulations covered by the Change of Law Assumption Agreement must also include the regulations obligating the IESO to pay the debt carrying costs during the moratorium period.**

	Obligor Approval.[2]
~~**Guarantee Activation**~~**Assumption Events:**	Any of the following would constitute ~~a Guarantee Activation~~an Assumption Event: (A) ~~the Legislative Assembly of Ontario repealing (and not replacing~~**(1) the Legislature repeals (and does not replace** on an equivalent basis) **or amends** the Act or any ~~Regulation made thereunder;~~ **portion thereof;** (B) ~~(B) the Legislative Assembly of Ontario causing to come into force any~~ **(2) the Legislature enacts or amends any other** statute**;** ~~(including any amendment to the Act or a Regulation made thereunder), or causing to come into force or making any order-in-council or regulation, or causing to come into force any other discriminatory action (including by way of any order by the Ontario Energy Board), in any case, in a way that adversely affects the rights and interests of the Financing Entity under its investment interest, including, for greater certainty, in any manner~~ (C) **(3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends the Regulation made under the Act or any portion thereof;** (D) **(4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*); or** (E) **(5)** >*there is a change in the organization, structure*<> *or operations* <**of the**

[2] "Obligations Secured" is a defined term in the Master Trust Indenture and encompasses all debts and liabilities of the Financing Entity owing to the Specified Creditors and captures subordinated debt as well. As discussed on the call with Blakes and the Provincial legal team, excluding subordinated debt from the benefits of the Assumption Agreement will increase the pricing of such debt, the costs of which would ultimately be passed on to ratepayers.

>*IESO or a change in the electricity market structure or operations* <**not otherwise effected through the actions described in clauses (A)(1) through (4) above.**[3]

(F) **in each case,** that is reasonably expected to ~~limit~~**adversely affect (a)** the ability of the Financing Entity to receive amounts on its investment interest ~~such that it can pay its specified creditors, including making payments on its debt obligations on the same basis as before such amendment was effected;~~

(G) ~~(C) the Legislative Assembly of Ontario directly or indirectly amending the Guarantee~~**so that it can pay the Obligations Secured or (b) the Change of Law Assumption Agreement** or any of the ~~financing transaction~~ agreements **under which Obligations Secured arise** without the agreement of the ~~Financing Entity;~~**Indenture Trustee; or**[4]

(H) ~~(D)~~ a court of competent jurisdiction ~~(i) declares any funding obligations of the Financing Entity to be~~<~~*invalid or unenforceable*~~> ~~or (ii) in a final and non-appealable judgement~~ determines that all or a portion of the Act **or the Regulation** is *ultra vires*, **invalid or inoperative** in a way that adversely affects the ~~rights and interests of the Financing Entity, including, for greater certainty, in any manner that is reasonably expected to limit the~~ ability of the Financing Entity to receive amounts on its investment interest ~~such~~**so** that it can pay ~~its specified creditors, including making payments on its~~**the Obligations Secured including, without limitation, a declaration that any** funding obligations ~~on the same basis as before such judgement; or~~

(I) ~~(E)~~ <~~*there is a change in the organization, structure*~~> <~~*or operations*~~>of the <~~*IESO or a change in the electricity market structure or operations*~~>~~in any way that adversely affects the rights and interests of the Financing Entity under its investment interest, including, for greater certainty, in any manner~~

[3] **We understand certain internal changes to the structure of the IESO may be made by the IESO board without statutory enactments.**

[4] **A materiality qualifier is not appropriate since a change of law that would result in either (a) or (b) is by its nature material.**

	~~that is reasonably expected to limit the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations on the same basis as before such amendment was effected~~ **~~[NTD: Alternatively, with respect to the IESO servicing obligations, include the Servicing Guarantee language with respect to the IESO that was included in the last mark-up of the term sheet received from the Province.]~~**Financing Entity or any investment interests are> *invalid or unenforceable*<.
~~Guarantee~~Obligation to Pay the Obligations Secured:	Upon the occurrence of ~~a Guarantee Activation Event, the Guarantor shall immediately assume and pay when~~an Assumption Event, the Obligor will pay the amounts pertaining to the Obligations Secured on behalf of the Financing Entity when they become due and payable (without acceleration)~~ all of the obligations of the Financing Entity. The obligations of the Financing Entity include its funding obligations as well as any other obligation the Financing Entity has related to the Fair Hydro program such as payments to service providers (such as trustees, auditors, etc), rating agencies and any fees due to the securities commissions~~. The exercise of such right by the Indenture Trustee in accordance with the Master Trust Indenture shall constitute the only remedy available under the Change of Law Assumption Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages.
Subrogation:	Upon paying an amount to a Beneficiary in respect of an Obligation Secured, the Obligor shall become entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Obligations Secured, including the security interest in the property of the Financing Entity.
Event of Default Cure:[5]	Upon the occurrence of a Default under the Master Trust Indenture (being an event which, with the passage of time or giving of notice could become an Event of Default), the Obligor would have the following rights: (A) a right to receive written notice from the Indenture Trustee (at the same time that such trustee provides a

[5] We have layered in our proposal on acceleration which was provided to all parties in a memo from OPG dated August 30, 2017.

	notice to the Financing Entity through OPG as the manager) that a Default has occurred; (B) in the event of the occurrence of an Event of Default that is not based upon the occurrence of a Default followed by a cure period (such as insolvency of the Financing Entity), a right to receive written notice from the Indenture Trustee that an Event of Default has occurred; and (C) a right (but not an obligation) to cure the Default or the Event of Default, as the case may be, within a specified cure period, which will run concurrently with any cure period available under the Master Trust Indenture with respect to the applicable Event of Default. (D) The Master Trust Indenture will provide that notwithstanding the occurrence of an Event of Default, the Obligations Secured may not be accelerated until the expiry of the cure period available to the Obligor. If the Default or Event of Default in question cannot be cured by the Obligor on behalf of the Financing Entity within this cure period, then the Obligor will have the option (but not an obligation) to "cure" and avoid acceleration of the Obligations Secured by assuming those Obligations Secured. In such circumstances, the Fair Hydro program would be discontinued and the Obligations Secured owing under the program would be those of the Obligor.
Optional Assumption:	At any time following an Assumption Event or an Event of Default, the Obligor shall be entitled (but not obligated) to assume all of the Obligations Secured. The Financing Entity (including through the Manager) will ensure that any Obligations Secured by their contractual terms permit, on an Assumption Event or an Event of Default, an assumption by the Obligor without any requirement for further consent, approval or agreement of the applicable Specified Creditor.
Term:	The ~~Guarantee~~Change of Law Assumption Agreement will continue for as long as ~~the Financing Entity has~~ any Obligations Secured remain outstanding~~ financing or other contractual obligations and until such obligations have all been paid in full or otherwise satisfied~~.
Obligor **Approval**~~-~~	The ~~guarantee agreement containing the terms and conditions contemplated by this term sheet shall be entered into prior to the~~

~~**Requirement**~~**:**	~~Financing Entity incurring its first funding obligation. The Province shall enter into the guarantee based on forms of program and series financing documents required for each financing transaction (e.g., form of supplemental indenture). As long as the financing transaction documents are generally consistent with the agreed upon form, the Province's specific approval for specific funding obligations incurred by the Financing Entity will not be required. Subsequent approval is only needed if the form of such documents are materially changed. For greater certainty, deal specific terms (such as tenor, pricing, etc) shall not be considered a change in the form of transaction and series documents~~**Change of Law Assumption Agreement will apply to all Obligations Secured that are incurred by an "Eligible Financing Entity" designated as such in accordance with the following process:** **In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will review the constating documents of such Financing Entity and the various program agreements. Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, the Manager will notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective.[6]** **It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following process:** **(A) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, the Manager will provide the Obligor with a forecast of the principal amount of Funding Obligations that the Manager expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the**

[6] We have not included an express right of the Province to review and sign off on program agreements since that is subsumed in the concept of Eligible Financing Entity – the Province will confirm it is comfortable with such documents prior to designating a Financing Entity an Eligible Financing Entity.

	Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast. **(B) the Manager shall provide the Obligor with an updated Two Year Forecast between [6 and 9 months] prior to the expiry of each current Two Year Forecast.** **(C) Unless the Obligor provides the Manager with a written notice no later than [3 months] prior to the expiry of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations and all other Obligations Secured in connection thereto incurred up to the expiry of the new Two Year Forecast.**
FIPPA:	The ~~parties~~**Change of Law Assumption Agreement** will acknowledge that the ~~Guarantor~~**Obligor** will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the ~~Guarantor~~**Obligor**, or any agent or representative of the ~~Guarantor~~**Obligor** in connection with the ~~Guarantee~~**Change of Law Assumption Agreement,** may be subject to disclosure in accordance with the act or as otherwise required by law**.**
Representations and Warranties:	To be determined ~~based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Guarantor and~~**by the Minister of Finance and Minister of Energy in negotiation with** the Financing Entity**.**
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the ~~Guarantor~~**Obligor** and the Financing Entity**.**
Governing Law:	Province of Ontario**.**

~~**Warehousing Takeout Risk and Servicing (Commingling) Risk**~~

~~*Note – these items are provided for information purposes only as these risks were included in the previous version of the term sheet as items that the Dealers/OPG were looking for the Province for protection against. The current proposals with respect to these items is described below. These do not contain any requirement for the Province to directly backstop these risks.*~~

Commingling Risk (applies to Warehouse as well as any Term transactions)	
Commingling Risk Mitigant:	For any LDC which is not investment grade rated by each of the rating agencies which are rating the funding obligations (the "Non-Investment Grade LDCs"), either: (A) The IESO must post a Letter of Credit (L/C), or deposit funds in a Commingling Reserve Account in a quantum equal to the Commingling Risk Amount; or (B) The IESO, for so long as it is rated investment grade by the rating agencies which are rating the funding obligations, will assume responsibility for commingling risk by the LDCs and will agree to remit to the Financing Entity any clean energy adjustment amounts collected by the LDC, regardless of whether the LDC remitted those amounts to the IESO for remittance to the Financing Entity
Commingling Risk Amount:	An amount equal to the sum of the expected Clean Energy Adjustment collections from the Non-Investment Grade LDCs over the next [45-60] days
Commingling Risk Amount Reset Date:	Each settlement date for the Financing Entity (monthly)
Beneficiary:	The beneficiary of the L/C or the Commingling Reserve Account would be the Financing Entity and the Indenture Trustee for the benefit of the creditors of the Financing Entity. The Financing Entity and/or the Indenture Trustee would have the ability to draw down the L/C or draw on the Commingling Reserve Account for any clean energy adjustment amounts expected to be received from the IESO but which were not received due to those funds not being remitted from an LDC to the IESO for that period
L/C Provider:	An entity rated at least A+ (or equivalent)
Approvals:	The approach is subject to approval from the IESO, by the rating agencies rating the funding obligations of the Financing Entity and the risk management areas of the banks providing the warehouse facilities
Warehouse Takeout Risk	
Commitment Period for	

Warehouse[1]:	Expected to be 12-24 months
Takeout for Warehouse:	Expected to be every 3-6 months
Warehouse Default Event:	One of the events of default for the warehouse will be the failure to repay the warehouse facility at the end of the commitment term
Consequences of Warehouse Default Event:	If the Warehouse Default Event[2] described above occurs, all amounts funded through the warehouse would become immediately due and payable, subject to the Warehouse Default Payment Cap, and Default Pricing will be charged on any amounts funded through the warehouse facility
Default Pricing:	Step up in pricing to [x] until the moratorium period ends and thereafter stepping up in increments of [y] every six months until the warehouse facility is repaid
Warehouse Default Payment Cap:	For any given reference period following the occurrence of a Warehouse Default Event, the amount that shall be remitted to the Financing Entity for repayment of the warehouse facilities will be the sum of (x) the interest amount due on the warehouse facilities (which, for greater certainty will include any program fees) and (y) the lessor of: (a) The outstanding amount funded through the warehouse facilities; and (b) The maximum amount that can be charged for that period so that clean energy adjustments are equal to, but do not exceed, the fair allocation amount for such period.
Approval Requirement:	Subject to approval by the risk management areas of the banks providing the warehouse facilities which will in part depend on receipt of information on the fair allocation curve and an understanding of how long the "tail risk" could be following a Warehouse Default Event

[1] Please note that this is not intended to be an exhaustive list of terms for the warehouse facility, but rather is a summary of a few select terms that relate to the warehouse takeout risk.

[2] Note there may be other Warehouse Default Events beyond the takeout risk item described above. The consequences for a breach of these other Warehouse Default Events may be different than the one described above where the default is related to failure to takeout the warehouse facility by the end of the commitment period.

Document comparison by Workshare Compare on September-13-17 6:22:51 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24127131/1
Description	#24127131v1<TorysAtWork> - ignore
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24124144/3
Description	#24124144v3<TorysAtWork> - Province Change in Law Agreement (OPG'sCommentsSeptember13/17)
Rendering set	strikeout-colour

Legend:	
Insertion	
~~Deletion~~	
<~~*Moved from*~~>	
>*Moved to*<	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	93
Deletions	91
Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	192

From:	Ronald Kwan
To:	John Kim
Subject:	FW: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet
Date:	Thursday, September 14, 2017 10:02:27 AM
Attachments:	Province Change in Law Agreement (OPG_sCommentsSeptember13_17).docx Blackline_ProvincialDraft.pdf Blackline_DealerDraft.pdf

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From: Mike Manning
Sent: September-14-17 10:01
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

Just received. This I believe incorporates E&Y comments.
Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, September 14, 2017 9:56 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: RYFA Ken -TREASURY <ken.ryfa@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: FW: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

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From: RYFA Ken -TREASURY
Sent: Thursday, September 14, 2017 9:44 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Subject: FW: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

Here it is.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, September 13, 2017 6:35 PM
To: 'Fullerton, Rick' <RFullerton@osler.com>; 'Milligan, Peter' <PMilligan@osler.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; 'Smith, Elliot' <ESmith@osler.com>; 'Innes, Michael' <MInnes@osler.com>; 'Bennett, Christopher' <CBennett@osler.com>; 'King, Richard' <rking@osler.com>; 'Royer, Kate' <KRoyer@osler.com>; 'Hughes, Timothy' <THughes@osler.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; 'alan.hibben@rogers.com' <alan.hibben@rogers.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV

<leslie.wong@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; YAO Anthea -FUNDMGMT <anthea.yao@opg.com>; JORDA Jenny -FIN & C CTRL <jenny.jorda@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; DREWNIAK John -TREASURY <john.drewniak@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Feldman, Michael <mfeldman@torys.com>; Hill, Krista <khill@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Emes, Aaron <aemes@torys.com>; Leibel, Robbie <rleibel@torys.com>; Keizer, Charles <ckeizer@torys.com>; Myers, Jonathan <jmyers@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Bomhof, Scott <sbomhof@torys.com>; Slavens, Adam <aslavens@torys.com>; Wortsman, Jerald <jwortsman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; 'mfitzpatrick@hunton.com' <mfitzpatrick@hunton.com>; 'aobrian@hunton.com' <aobrian@hunton.com>; Watson, Gwen <gwatson@torys.com>
Subject: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

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

Osler team – please find attached a revised draft of the term sheet for the Provincial Change of Law Assumption Agreement (blacklined to the Province's draft as well as the draft you prepared on August 14). Please note that there are some formatting issues in the blacklines that do not appear in the clean word version.

Please also note that this draft is being concurrently circulated to OPG and remains subject to OPG's review. Please let us know if you or the dealers have any comments by no later than this Friday. We will need to circulate a revised draft of the term sheet to the Province by then.

Thank you,
Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

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Change of Law Assumption Agreement

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder and made in connection thereto (the "**Regulation**").[1] This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act or the August 23, 2017 draft of the Master Trust Indenture (as defined below), as applicable. The provincial assumption arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

This Term Sheet does not discuss the servicing commingling risk and the warehousing takeout risk, which will be addressed separately by the following (i) the Master Transfer and Servicing Agreement will include an obligation for the IESO to provide a letter of credit if required to support the Funding Obligations in an amount equal to one month of anticipated collections of the clean energy adjustments by all non-rated local distribution companies, and (ii) there will be a step up in pricing reflected in the documents evidencing the short term debt issuance.

Change of Law Assumption Agreement:	A Change of Law Assumption Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Specified Creditors in accordance with the Master Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance.
Indenture Trustee:	An indenture trustee, acting for and on behalf of the Specified Creditors under a master trust indenture to be entered into by the Financing Entity, as issuer (the "**Master Trust Indenture**").
Beneficiaries:	The Indenture Trustee, acting for and on behalf of the Specified Creditors.

[1] Regulations covered by the Change of Law Assumption Agreement must also include the regulations obligating the IESO to pay the debt carrying costs during the moratorium period.

Obligations Secured:	Obligations Secured approved as contemplated below under Obligor Approval.[2]
Assumption Events:	Any of the following would constitute an Assumption Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends the Regulation made under the Act or any portion thereof; (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*); or (5) there is a change in the organization, structure or operations of the IESO or a change in the electricity market structure or operations not otherwise effected through the actions described in clauses (A)(1) through (4) above.[3] in each case, that is reasonably expected to adversely affect (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay the Obligations Secured or (b) the Change of Law Assumption Agreement or any of the agreements under which Obligations Secured arise without the agreement of the Indenture Trustee; or[4] (B) a court of competent jurisdiction determines that all or a portion of the Act or the Regulation is *ultra vires*, invalid or inoperative in a way that adversely affects the ability of the Financing Entity to receive amounts on its investment

[2] "Obligations Secured" is a defined term in the Master Trust Indenture and encompasses all debts and liabilities of the Financing Entity owing to the Specified Creditors and captures subordinated debt as well. As discussed on the call with Blakes and the Provincial legal team, excluding subordinated debt from the benefits of the Assumption Agreement will increase the pricing of such debt, the costs of which would ultimately be passed on to ratepayers.

[3] We understand certain internal changes to the structure of the IESO may be made by the IESO board without statutory enactments.

[4] A materiality qualifier is not appropriate since a change of law that would result in either (a) or (b) is by its nature material.

	interest so that it can pay the Obligations Secured including, without limitation, a declaration that any funding obligations of the Financing Entity or any investment interests are invalid or unenforceable.
Obligation to Pay the Obligations Secured:	Upon the occurrence of an Assumption Event, the Obligor will pay the amounts pertaining to the Obligations Secured on behalf of the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Master Trust Indenture shall constitute the only remedy available under the Change of Law Assumption Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages.
Subrogation:	Upon paying an amount to a Beneficiary in respect of an Obligation Secured, the Obligor shall become entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Obligations Secured, including the security interest in the property of the Financing Entity.

Event of Default Cure:[5]	Upon the occurrence of a Default under the Master Trust Indenture (being an event which, with the passage of time or giving of notice could become an Event of Default), the Obligor would have the following rights: (A) a right to receive written notice from the Indenture Trustee (at the same time that such trustee provides a notice to the Financing Entity through OPG as the manager) that a Default has occurred; (B) in the event of the occurrence of an Event of Default that is not based upon the occurrence of a Default followed by a cure period (such as insolvency of the Financing Entity), a right to receive written notice from the Indenture Trustee that an Event of Default has occurred; and (C) a right (but not an obligation) to cure the Default or the Event of Default, as the case may be, within a specified cure period, which will run concurrently with any cure period available under the Master Trust Indenture with respect to the applicable Event of Default. The Master Trust Indenture will provide that notwithstanding the occurrence of an Event of Default, the Obligations Secured may not be accelerated until the expiry of the cure period available to the Obligor. If the Default or Event of Default in question cannot be cured by the Obligor on behalf of the Financing Entity within this cure period, then the Obligor will have the option (but not an obligation) to "cure" and avoid acceleration of the Obligations Secured by assuming those Obligations Secured. In such circumstances, the Fair Hydro program would be discontinued and the Obligations Secured owing under the program would be those of the Obligor.
Optional Assumption:	At any time following an Assumption Event or an Event of Default, the Obligor shall be entitled (but not obligated) to assume all of the Obligations Secured. The Financing Entity (including through the Manager) will ensure that any Obligations Secured by their contractual terms permit, on an Assumption Event or an Event of Default, an assumption by the Obligor without any requirement for further consent, approval or agreement of the applicable Specified Creditor.
Term:	The Change of Law Assumption Agreement will continue for as long as any Obligations Secured remain outstanding.

[5] We have layered in our proposal on acceleration which was provided to all parties in a memo from OPG dated August 30, 2017.

Obligor Approval:	The Change of Law Assumption Agreement will apply to all Obligations Secured that are incurred by an "Eligible Financing Entity" designated as such in accordance with the following process: In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will review the constating documents of such Financing Entity and the various program agreements. Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, the Manager will notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective.[6] It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following process: (A) At least **[30 days]** prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, the Manager will provide the Obligor with a forecast of the principal amount of Funding Obligations that the Manager expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "**Two Year Forecast**"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast. (B) the Manager shall provide the Obligor with an updated Two Year Forecast between **[6 and 9 months]** prior to the expiry of each current Two Year Forecast. (C) Unless the Obligor provides the Manager with a written notice no later than **[3 months]** prior to the expiry of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations and all

	other Obligations Secured in connection thereto incurred up to the expiry of the new Two Year Forecast.
FIPPA:	The Change of Law Assumption Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Assumption Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

[6] We have not included an express right of the Province to review and sign off on program agreements since that is subsumed in the concept of Eligible Financing Entity – the Province will confirm it is comfortable with such documents prior to designating a Financing Entity an Eligible Financing Entity.

Change of Law Assumption Agreement

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder* ***and made in connection thereto*** *(the "**Regulation**").*[1] *This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act* ***or the August 23, 2017 draft of the Master Trust Indenture (as defined below), as applicable****. The provincial* ~~*protection and assurance*~~***assumption*** *arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

This Term Sheet does not discuss the servicing commingling risk and the warehousing takeout risk, which will be addressed separately by the following (i) the Master Transfer and Servicing Agreement will include an obligation for the IESO to provide a letter of credit if required to support the Funding Obligations in an amount equal to one month of anticipated collections of the clean energy adjustments by all non-rated local distribution companies, and (ii) there will be a step up in pricing reflected in the documents evidencing the short term debt issuance.

Change of Law Assumption Agreement:	A Change of Law Assumption Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the ~~Beneficiaries~~**Specified Creditors** in accordance with ~~a~~**the Master** Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance ~~acting together~~.
Indenture Trustee:	An indenture trustee, acting for ~~itself~~ and on behalf of ~~other persons entitled under an applicable~~**the Specified Creditors under a master trust indenture to be entered into by the Financing Entity, as issuer (the "Master Trust Indenture")**.
Beneficiaries:	The Indenture Trustee, acting for ~~itself~~ and on behalf of ~~other persons entitled under~~**the** Specified ~~Claims~~**Creditors**.
~~**Specified Claims**~~**Obligations Secured:**	~~Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are~~**Obligations Secured**

[1] **Regulations covered by the Change of Law Assumption Agreement must also include the regulations obligating the IESO to pay the debt carrying costs during the moratorium period.**

	approved as contemplated below under Obligor Approval. ~~Specified Claims are expected to include principal and interest on senior debt obligations issued by the Financing Entity [and any other monetary obligations of the Financing Entity that rank ahead of or equally in priority of payment with the senior debt obligations of the Financing Entity pursuant to the Trust Indenture].~~[2]
Assumption Events:	Any of the following would constitute an Assumption Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (B) (2) the Legislature enacts or amends any other statute; (C) (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) **or amends** the ~~General~~ Regulation made under the Act or any portion thereof; ~~or~~ (D) (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*)~~,~~**; or** (E) **(5) there is a change in the organization, structure or operations of the IESO or a change in the electricity market structure or operations not otherwise effected through the actions described in clauses (A)(1) through (4) above.**[3] (F) in each case, that ~~materially and~~**is reasonably expected to** adversely ~~affects~~**affect** (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can

[2] "Obligations Secured" is a defined term in the Master Trust Indenture and encompasses all debts and liabilities of the Financing Entity owing to the Specified Creditors and captures subordinated debt as well. As discussed on the call with Blakes and the Provincial legal team, excluding subordinated debt from the benefits of the Assumption Agreement will increase the pricing of such debt, the costs of which would ultimately be passed on to ratepayers.

[3] We understand certain internal changes to the structure of the IESO may be made by the IESO board without statutory enactments.

	pay ~~Specified Claims~~**the Obligations Secured** or (b) the Change of Law Assumption Agreement or any of the agreements under which ~~Specified Claims~~**Obligations Secured** arise without the agreement of the Indenture Trustee; or[4] (G) a court of competent jurisdiction ~~in a final and non-appealable judgement~~ determines that all or a portion of the Act or the Regulation is *ultra vires*~~,~~ **invalid or inoperative** in a way that ~~materially and~~ adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay ~~Specified Claims~~**the Obligations Secured including, without limitation, a declaration that any funding obligations of the Financing Entity or any investment interests are invalid or unenforceable**.
Obligation to ~~Assume Specified Claims~~Pay the Obligations Secured:	Upon the occurrence of an Assumption Event, ~~the Indenture Trustee will have the right to require~~ the Obligor ~~to~~**will** pay the ~~amount of Specified Claims~~**amounts pertaining to the Obligations Secured** on behalf of the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the **Master** Trust Indenture shall constitute the only remedy available under the Change of Law Assumption Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages~~, or for economic loss or loss of profits~~.
Subrogation:	Upon paying an amount to a Beneficiary in respect of ~~a Specified Claim~~**an Obligation Secured**, the Obligor shall become entitled to all of the applicable Beneficiary's rights and interests under and in respect of the ~~Specified Claim~~**Obligations Secured**, including the security interest in ~~each related investment interest and related~~**the** property of the Financing Entity~~ and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent~~.
Event of Default Cure:[5]	**Upon the occurrence of a Default under the Master Trust Indenture (being an event which, with the passage of time or giving of notice could become an Event of Default), the**

[4] **A materiality qualifier is not appropriate since a change of law that would result in either (a) or (b) is by its nature material.**

[5] **We have layered in our proposal on acceleration which was provided to all parties in a memo from OPG dated August 30, 2017.**

	Obligor would have the following rights: **(A) a right to receive written notice from the Indenture Trustee (at the same time that such trustee provides a notice to the Financing Entity through OPG as the manager) that a Default has occurred;** **(B) in the event of the occurrence of an Event of Default that is not based upon the occurrence of a Default followed by a cure period (such as insolvency of the Financing Entity), a right to receive written notice from the Indenture Trustee that an Event of Default has occurred; and** **(C) a right (but not an obligation) to cure the Default or the Event of Default, as the case may be, within a specified cure period, which will run concurrently with any cure period available under the Master Trust Indenture with respect to the applicable Event of Default.** **(D) The Master Trust Indenture will provide that notwithstanding the occurrence of an Event of Default, the Obligations Secured may not be accelerated until the expiry of the cure period available to the Obligor. If the Default or Event of Default in question cannot be cured by the Obligor on behalf of the Financing Entity within this cure period, then the Obligor will have the option (but not an obligation) to "cure" and avoid acceleration of the Obligations Secured by assuming those Obligations Secured. In such circumstances, the Fair Hydro program would be discontinued and the Obligations Secured owing under the program would be those of the Obligor.**
Optional ~~Replacement~~Assumption:	At any time following ~~the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable~~**an Assumption Event or an Event of Default**, the Obligor shall be entitled (but not obligated) to ~~replace the Financing Entity as obligor and debtor and directly~~ assume all of the ~~Financing Entity's outstanding obligations and liabilities~~**Obligations Secured**. The Financing Entity (including through the ~~Financial Services~~ Manager) will ensure that any ~~obligation and liabilities undertaken or assumed by it will~~**Obligations Secured** by their **contractual** terms permit ~~such a replacement and assumption (or, if applicable, satisfaction and termination)~~**, on an Assumption Event or an Event of Default, an assumption** by the Obligor ~~without additional cost or penalty and~~ without any requirement for further consent, approval or

	agreement **of the applicable Specified Creditor**.
Term:	The Change of Law Assumption Agreement will continue for as long as any ~~Specified Claim remains~~**Obligations Secured remain** outstanding.
Obligor Approval:	The<~~ *Change of Law Assumption Agreement* >~~will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Assumption Agreement applies to such Specified Claim.~~ ~~The Change of Law Assumption Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the~~ Change of Law Assumption Agreement will apply to ~~Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims.~~**all Obligations Secured that are incurred by an "Eligible Financing Entity" designated as such in accordance with the following process:** **In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will review the constating documents of such Financing Entity and the various program agreements. Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, the Manager will notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective.[6]** **It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following process:** **(A) At least [30 days] prior to the initial issuance of**

[6] We have not included an express right of the Province to review and sign off on program agreements since that is subsumed in the concept of Eligible Financing Entity – the Province will confirm it is comfortable with such documents prior to designating a Financing Entity an Eligible Financing Entity.

	Funding Obligations by an Eligible Financing Entity, the Manager will provide the Obligor with a forecast of the principal amount of Funding Obligations that the Manager expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the> *Change of Law Assumption Agreement* <**in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.** **(B) the Manager shall provide the Obligor with an updated Two Year Forecast between [6 and 9 months] prior to the expiry of each current Two Year Forecast.** **(C)** ~~The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.~~ **Unless the Obligor provides the Manager with a written notice no later than [3 months] prior to the expiry of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations and all other Obligations Secured in connection thereto incurred up to the expiry of the new Two Year Forecast.**
FIPPA:	The Change of Law Assumption Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Assumption Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

Document comparison by Workshare Compare on September-13-17 6:21:56 PM

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Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24124144/3
Description	#24124144v3<TorysAtWork> - Province Change in Law Agreement (OPG'sCommentsSeptember13/17)
Rendering set	strikeout-colour

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Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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Moved to	1
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Total changes	115

~~**Provincial Protection and Assurances**~~

Change of Law Assumption Agreement

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

This ***indicative*** *term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017* ***(the "Act")*** *and the regulations* ~~*to be*~~ *made thereunder* ***and made in connection thereto*** *(the "*~~***Act***~~***Regulation***").[1] *This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act*~~.~~ ***or the August 23, 2017 draft of the Master Trust Indenture (as defined below), as applicable. The provincial assumption arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.***

This Term Sheet does not discuss the servicing commingling risk and the warehousing takeout risk, which will be addressed separately by the following (i) the Master Transfer and Servicing Agreement will include an obligation for the IESO to provide a letter of credit if required to support the Funding Obligations in an amount equal to one month of anticipated collections of the clean energy adjustments by all non-rated local distribution companies, and (ii) there will be a step up in pricing reflected in the documents evidencing the short term debt issuance.

Change ~~in~~of Law ~~Guarantee~~Assumption Agreement:	**A Change of Law Assumption Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Specified Creditors in accordance with the Master Trust Indenture.**
~~Guarantor~~Obligor:	The Province of Ontario**, by the Minister of Energy and the Minister of Finance.**
Indenture Trustee:	**An indenture trustee, acting for and on behalf of the Specified Creditors under a master trust indenture to be entered into by the Financing Entity, as issuer (the "Master Trust Indenture").**
Beneficiaries:	**The Indenture Trustee, acting for and on behalf of the Specified Creditors.**
Obligations Secured:	**Obligations Secured approved as contemplated below under**

[1] **Regulations covered by the Change of Law Assumption Agreement must also include the regulations obligating the IESO to pay the debt carrying costs during the moratorium period.**

	Obligor Approval.[2]
~~**Guarantee Activation**~~**Assumption Events:**	Any of the following would constitute ~~a Guarantee Activation~~an Assumption Event: (A) ~~the Legislative Assembly of Ontario repealing (and not replacing~~**(1) the Legislature repeals (and does not replace** on an equivalent basis) **or amends** the Act or any ~~Regulation made thereunder;~~ **portion thereof;** (B) ~~(B) the Legislative Assembly of Ontario causing to come into force any~~ **(2) the Legislature enacts or amends any other** statute**;** ~~(including any amendment to the Act or a Regulation made thereunder), or causing to come into force or making any order-in-council or regulation, or causing to come into force any other discriminatory action (including by way of any order by the Ontario Energy Board), in any case, in a way that adversely affects the rights and interests of the Financing Entity under its investment interest, including, for greater certainty, in any manner~~ (C) **(3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends the Regulation made under the Act or any portion thereof;** (D) **(4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*); or** (E) **(5)** >*there is a change in the organization, structure*<> *or operations* <**of the**

[2] "Obligations Secured" is a defined term in the Master Trust Indenture and encompasses all debts and liabilities of the Financing Entity owing to the Specified Creditors and captures subordinated debt as well. As discussed on the call with Blakes and the Provincial legal team, excluding subordinated debt from the benefits of the Assumption Agreement will increase the pricing of such debt, the costs of which would ultimately be passed on to ratepayers.

>*IESO or a change in the electricity market structure or operations* <**not otherwise effected through the actions described in clauses (A)(1) through (4) above.**[3]

(F) **in each case,** that is reasonably expected to ~~limit~~**adversely affect (a)** the ability of the Financing Entity to receive amounts on its investment interest ~~such that it can pay its specified creditors, including making payments on its debt obligations on the same basis as before such amendment was effected;~~

(G) ~~(C) the Legislative Assembly of Ontario directly or indirectly amending the Guarantee~~**so that it can pay the Obligations Secured or (b) the Change of Law Assumption Agreement** or any of the ~~financing transaction~~ agreements **under which Obligations Secured arise** without the agreement of the ~~Financing Entity;~~**Indenture Trustee; or**[4]

(H) ~~(D)~~ a court of competent jurisdiction ~~(i) declares any funding obligations of the Financing Entity to be~~<~~*invalid or unenforceable*~~> ~~or (ii) in a final and non-appealable judgement~~ determines that all or a portion of the Act **or the Regulation** is *ultra vires*, **invalid or inoperative** in a way that adversely affects the ~~rights and interests of the Financing Entity, including, for greater certainty, in any manner that is reasonably expected to limit the~~ ability of the Financing Entity to receive amounts on its investment interest ~~such~~**so** that it can pay ~~its specified creditors, including making payments on its~~**the Obligations Secured including, without limitation, a declaration that any** funding obligations ~~on the same basis as before such judgement; or~~

(I) ~~(E)~~ <~~*there is a change in the organization, structure*~~> <~~*or operations*~~>of the <~~*IESO or a change in the electricity market structure or operations*~~>~~in any way that adversely affects the rights and interests of the Financing Entity under its investment interest, including, for greater certainty, in any manner~~

[3] **We understand certain internal changes to the structure of the IESO may be made by the IESO board without statutory enactments.**

[4] **A materiality qualifier is not appropriate since a change of law that would result in either (a) or (b) is by its nature material.**

	~~that is reasonably expected to limit the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations on the same basis as before such amendment was effected~~ **~~[NTD: Alternatively, with respect to the IESO servicing obligations, include the Servicing Guarantee language with respect to the IESO that was included in the last mark-up of the term sheet received from the Province.]~~**Financing Entity or any investment interests are> *invalid or unenforceable*<.
~~Guarantee~~Obligation to Pay the Obligations Secured:	Upon the occurrence of ~~a Guarantee Activation Event, the Guarantor shall immediately assume and pay when~~an Assumption Event, the Obligor will pay the amounts pertaining to the Obligations Secured on behalf of the Financing Entity when they become due and payable (without acceleration)~~ all of the obligations of the Financing Entity. The obligations of the Financing Entity include its funding obligations as well as any other obligation the Financing Entity has related to the Fair Hydro program such as payments to service providers (such as trustees, auditors, etc), rating agencies and any fees due to the securities commissions~~. The exercise of such right by the Indenture Trustee in accordance with the Master Trust Indenture shall constitute the only remedy available under the Change of Law Assumption Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages.
Subrogation:	Upon paying an amount to a Beneficiary in respect of an Obligation Secured, the Obligor shall become entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Obligations Secured, including the security interest in the property of the Financing Entity.
Event of Default Cure:[5]	Upon the occurrence of a Default under the Master Trust Indenture (being an event which, with the passage of time or giving of notice could become an Event of Default), the Obligor would have the following rights: (A) a right to receive written notice from the Indenture Trustee (at the same time that such trustee provides a

[5] We have layered in our proposal on acceleration which was provided to all parties in a memo from OPG dated August 30, 2017.

	notice to the Financing Entity through OPG as the manager) that a Default has occurred; (B) in the event of the occurrence of an Event of Default that is not based upon the occurrence of a Default followed by a cure period (such as insolvency of the Financing Entity), a right to receive written notice from the Indenture Trustee that an Event of Default has occurred; and (C) a right (but not an obligation) to cure the Default or the Event of Default, as the case may be, within a specified cure period, which will run concurrently with any cure period available under the Master Trust Indenture with respect to the applicable Event of Default. (D) The Master Trust Indenture will provide that notwithstanding the occurrence of an Event of Default, the Obligations Secured may not be accelerated until the expiry of the cure period available to the Obligor. If the Default or Event of Default in question cannot be cured by the Obligor on behalf of the Financing Entity within this cure period, then the Obligor will have the option (but not an obligation) to "cure" and avoid acceleration of the Obligations Secured by assuming those Obligations Secured. In such circumstances, the Fair Hydro program would be discontinued and the Obligations Secured owing under the program would be those of the Obligor.
Optional Assumption:	At any time following an Assumption Event or an Event of Default, the Obligor shall be entitled (but not obligated) to assume all of the Obligations Secured. The Financing Entity (including through the Manager) will ensure that any Obligations Secured by their contractual terms permit, on an Assumption Event or an Event of Default, an assumption by the Obligor without any requirement for further consent, approval or agreement of the applicable Specified Creditor.
Term:	The ~~Guarantee~~Change of Law Assumption Agreement will continue for as long as ~~the Financing Entity has~~ any Obligations Secured remain outstanding~~ financing or other contractual obligations and until such obligations have all been paid in full or otherwise satisfied~~.
Obligor **Approval**~~-~~	The ~~guarantee agreement containing the terms and conditions contemplated by this term sheet shall be entered into prior to the~~

~~**Requirement**~~**:**	~~Financing Entity incurring its first funding obligation. The Province shall enter into the guarantee based on forms of program and series financing documents required for each financing transaction (e.g., form of supplemental indenture). As long as the financing transaction documents are generally consistent with the agreed upon form, the Province's specific approval for specific funding obligations incurred by the Financing Entity will not be required. Subsequent approval is only needed if the form of such documents are materially changed. For greater certainty, deal specific terms (such as tenor, pricing, etc) shall not be considered a change in the form of transaction and series documents~~**Change of Law Assumption Agreement will apply to all Obligations Secured that are incurred by an "Eligible Financing Entity" designated as such in accordance with the following process:** **In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will review the constating documents of such Financing Entity and the various program agreements. Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, the Manager will notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective.[6]** **It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following process:** **(A) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, the Manager will provide the Obligor with a forecast of the principal amount of Funding Obligations that the Manager expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the**

[6] We have not included an express right of the Province to review and sign off on program agreements since that is subsumed in the concept of Eligible Financing Entity – the Province will confirm it is comfortable with such documents prior to designating a Financing Entity an Eligible Financing Entity.

	Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast. **(B) the Manager shall provide the Obligor with an updated Two Year Forecast between [6 and 9 months] prior to the expiry of each current Two Year Forecast.** **(C) Unless the Obligor provides the Manager with a written notice no later than [3 months] prior to the expiry of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations and all other Obligations Secured in connection thereto incurred up to the expiry of the new Two Year Forecast.**
FIPPA:	The ~~parties~~**Change of Law Assumption Agreement** will acknowledge that the ~~Guarantor~~**Obligor** will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the ~~Guarantor~~**Obligor**, or any agent or representative of the ~~Guarantor~~**Obligor** in connection with the ~~Guarantee~~**Change of Law Assumption Agreement,** may be subject to disclosure in accordance with the act or as otherwise required by law**.**
Representations and Warranties:	To be determined ~~based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Guarantor and~~**by the Minister of Finance and Minister of Energy in negotiation with** the Financing Entity**.**
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the ~~Guarantor~~**Obligor** and the Financing Entity**.**
Governing Law:	Province of Ontario**.**

~~**Warehousing Takeout Risk and Servicing (Commingling) Risk**~~

~~*Note – these items are provided for information purposes only as these risks were included in the previous version of the term sheet as items that the Dealers/OPG were looking for the Province for protection against. The current proposals with respect to these items is described below. These do not contain any requirement for the Province to directly backstop these risks.*~~

Commingling Risk (applies to Warehouse as well as any Term transactions)	
Commingling Risk Mitigant:	For any LDC which is not investment grade rated by each of the rating agencies which are rating the funding obligations (the "Non-Investment Grade LDCs"), either: (A) The IESO must post a Letter of Credit (L/C), or deposit funds in a Commingling Reserve Account in a quantum equal to the Commingling Risk Amount; or (B) The IESO, for so long as it is rated investment grade by the rating agencies which are rating the funding obligations, will assume responsibility for commingling risk by the LDCs and will agree to remit to the Financing Entity any clean energy adjustment amounts collected by the LDC, regardless of whether the LDC remitted those amounts to the IESO for remittance to the Financing Entity
Commingling Risk Amount:	An amount equal to the sum of the expected Clean Energy Adjustment collections from the Non-Investment Grade LDCs over the next [45-60] days
Commingling Risk Amount Reset Date:	Each settlement date for the Financing Entity (monthly)
Beneficiary:	The beneficiary of the L/C or the Commingling Reserve Account would be the Financing Entity and the Indenture Trustee for the benefit of the creditors of the Financing Entity. The Financing Entity and/or the Indenture Trustee would have the ability to draw down the L/C or draw on the Commingling Reserve Account for any clean energy adjustment amounts expected to be received from the IESO but which were not received due to those funds not being remitted from an LDC to the IESO for that period
L/C Provider:	An entity rated at least A+ (or equivalent)
Approvals:	The approach is subject to approval from the IESO, by the rating agencies rating the funding obligations of the Financing Entity and the risk management areas of the banks providing the warehouse facilities
Warehouse Takeout Risk	
Commitment Period for	

Warehouse[1]:	Expected to be 12-24 months
Takeout for Warehouse:	Expected to be every 3-6 months
Warehouse Default Event:	One of the events of default for the warehouse will be the failure to repay the warehouse facility at the end of the commitment term
Consequences of Warehouse Default Event:	If the Warehouse Default Event[2] described above occurs, all amounts funded through the warehouse would become immediately due and payable, subject to the Warehouse Default Payment Cap, and Default Pricing will be charged on any amounts funded through the warehouse facility
Default Pricing:	Step up in pricing to [x] until the moratorium period ends and thereafter stepping up in increments of [y] every six months until the warehouse facility is repaid
Warehouse Default Payment Cap:	For any given reference period following the occurrence of a Warehouse Default Event, the amount that shall be remitted to the Financing Entity for repayment of the warehouse facilities will be the sum of (x) the interest amount due on the warehouse facilities (which, for greater certainty will include any program fees) and (y) the lessor of: (a) The outstanding amount funded through the warehouse facilities; and (b) The maximum amount that can be charged for that period so that clean energy adjustments are equal to, but do not exceed, the fair allocation amount for such period.
Approval Requirement:	Subject to approval by the risk management areas of the banks providing the warehouse facilities which will in part depend on receipt of information on the fair allocation curve and an understanding of how long the "tail risk" could be following a Warehouse Default Event

[1] Please note that this is not intended to be an exhaustive list of terms for the warehouse facility, but rather is a summary of a few select terms that relate to the warehouse takeout risk.

[2] Note there may be other Warehouse Default Events beyond the takeout risk item described above. The consequences for a breach of these other Warehouse Default Events may be different than the one described above where the default is related to failure to takeout the warehouse facility by the end of the commitment period.

Document comparison by Workshare Compare on September-13-17 6:22:51 PM

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Padding cell	

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Total changes	192

From:	Mike Manning
To:	Gadi Mayman; Ronald Kwan; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Scott Nelms (ENERGY); James Devine; Carlos Yep
Subject:	FW: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet
Date:	Thursday, September 14, 2017 10:01:18 AM
Attachments:	Province Change in Law Agreement (OPG_sCommentsSeptember13_17).docx Blackline_ProvincialDraft.pdf Blackline_DealerDraft.pdf

Just received. This I believe incorporates E&Y comments.
Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, September 14, 2017 9:56 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: RYFA Ken -TREASURY <ken.ryfa@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: FW: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

From: RYFA Ken -TREASURY
Sent: Thursday, September 14, 2017 9:44 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Subject: FW: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

Here it is.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, September 13, 2017 6:35 PM
To: 'Fullerton, Rick' <RFullerton@osler.com>; 'Milligan, Peter' <PMilligan@osler.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; 'Smith, Elliot' <ESmith@osler.com>; 'Innes, Michael' <MInnes@osler.com>; 'Bennett, Christopher' <CBennett@osler.com>; 'King, Richard' <rking@osler.com>; 'Royer, Kate' <KRoyer@osler.com>; 'Hughes, Timothy' <THughes@osler.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; 'alan.hibben@rogers.com' <alan.hibben@rogers.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; YAO Anthea -FUNDMGMT <anthea.yao@opg.com>; JORDA Jenny -FIN & C CTRL <jenny.jorda@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; DREWNIAK John -TREASURY <john.drewniak@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Feldman, Michael <mfeldman@torys.com>; Hill, Krista <khill@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Emes, Aaron <aemes@torys.com>; Leibel, Robbie <rleibel@torys.com>; Keizer, Charles <ckeizer@torys.com>; Myers, Jonathan <jmyers@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Bomhof, Scott <sbomhof@torys.com>; Slavens, Adam <aslavens@torys.com>; Wortsman, Jerald <jwortsman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; 'mfitzpatrick@hunton.com'

<mfitzpatrick@hunton.com>; 'aobrian@hunton.com' <aobrian@hunton.com>; Watson, Gwen <gwatson@torys.com>
Subject: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

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

Osler team – please find attached a revised draft of the term sheet for the Provincial Change of Law Assumption Agreement (blacklined to the Province's draft as well as the draft you prepared on August 14). Please note that there are some formatting issues in the blacklines that do not appear in the clean word version.

Please also note that this draft is being concurrently circulated to OPG and remains subject to OPG's review. Please let us know if you or the dealers have any comments by no later than this Friday. We will need to circulate a revised draft of the term sheet to the Province by then.

Thank you,
Nina

Nina Mansoori
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Change of Law Assumption Agreement

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder and made in connection thereto (the "**Regulation**").[1] This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act or the August 23, 2017 draft of the Master Trust Indenture (as defined below), as applicable. The provincial assumption arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

This Term Sheet does not discuss the servicing commingling risk and the warehousing takeout risk, which will be addressed separately by the following (i) the Master Transfer and Servicing Agreement will include an obligation for the IESO to provide a letter of credit if required to support the Funding Obligations in an amount equal to one month of anticipated collections of the clean energy adjustments by all non-rated local distribution companies, and (ii) there will be a step up in pricing reflected in the documents evidencing the short term debt issuance.

Change of Law Assumption Agreement:	A Change of Law Assumption Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Specified Creditors in accordance with the Master Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance.
Indenture Trustee:	An indenture trustee, acting for and on behalf of the Specified Creditors under a master trust indenture to be entered into by the Financing Entity, as issuer (the "**Master Trust Indenture**").
Beneficiaries:	The Indenture Trustee, acting for and on behalf of the Specified Creditors.

[1] Regulations covered by the Change of Law Assumption Agreement must also include the regulations obligating the IESO to pay the debt carrying costs during the moratorium period.

Obligations Secured:	Obligations Secured approved as contemplated below under Obligor Approval.[2]
Assumption Events:	Any of the following would constitute an Assumption Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends the Regulation made under the Act or any portion thereof; (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*); or (5) there is a change in the organization, structure or operations of the IESO or a change in the electricity market structure or operations not otherwise effected through the actions described in clauses (A)(1) through (4) above.[3] in each case, that is reasonably expected to adversely affect (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay the Obligations Secured or (b) the Change of Law Assumption Agreement or any of the agreements under which Obligations Secured arise without the agreement of the Indenture Trustee; or[4] (B) a court of competent jurisdiction determines that all or a portion of the Act or the Regulation is *ultra vires*, invalid or inoperative in a way that adversely affects the ability of the Financing Entity to receive amounts on its investment

[2] "Obligations Secured" is a defined term in the Master Trust Indenture and encompasses all debts and liabilities of the Financing Entity owing to the Specified Creditors and captures subordinated debt as well. As discussed on the call with Blakes and the Provincial legal team, excluding subordinated debt from the benefits of the Assumption Agreement will increase the pricing of such debt, the costs of which would ultimately be passed on to ratepayers.

[3] We understand certain internal changes to the structure of the IESO may be made by the IESO board without statutory enactments.

[4] A materiality qualifier is not appropriate since a change of law that would result in either (a) or (b) is by its nature material.

	interest so that it can pay the Obligations Secured including, without limitation, a declaration that any funding obligations of the Financing Entity or any investment interests are invalid or unenforceable.
Obligation to Pay the Obligations Secured:	Upon the occurrence of an Assumption Event, the Obligor will pay the amounts pertaining to the Obligations Secured on behalf of the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Master Trust Indenture shall constitute the only remedy available under the Change of Law Assumption Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages.
Subrogation:	Upon paying an amount to a Beneficiary in respect of an Obligation Secured, the Obligor shall become entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Obligations Secured, including the security interest in the property of the Financing Entity.

Event of Default Cure:[5]	Upon the occurrence of a Default under the Master Trust Indenture (being an event which, with the passage of time or giving of notice could become an Event of Default), the Obligor would have the following rights: (A) a right to receive written notice from the Indenture Trustee (at the same time that such trustee provides a notice to the Financing Entity through OPG as the manager) that a Default has occurred; (B) in the event of the occurrence of an Event of Default that is not based upon the occurrence of a Default followed by a cure period (such as insolvency of the Financing Entity), a right to receive written notice from the Indenture Trustee that an Event of Default has occurred; and (C) a right (but not an obligation) to cure the Default or the Event of Default, as the case may be, within a specified cure period, which will run concurrently with any cure period available under the Master Trust Indenture with respect to the applicable Event of Default. The Master Trust Indenture will provide that notwithstanding the occurrence of an Event of Default, the Obligations Secured may not be accelerated until the expiry of the cure period available to the Obligor. If the Default or Event of Default in question cannot be cured by the Obligor on behalf of the Financing Entity within this cure period, then the Obligor will have the option (but not an obligation) to "cure" and avoid acceleration of the Obligations Secured by assuming those Obligations Secured. In such circumstances, the Fair Hydro program would be discontinued and the Obligations Secured owing under the program would be those of the Obligor.
Optional Assumption:	At any time following an Assumption Event or an Event of Default, the Obligor shall be entitled (but not obligated) to assume all of the Obligations Secured. The Financing Entity (including through the Manager) will ensure that any Obligations Secured by their contractual terms permit, on an Assumption Event or an Event of Default, an assumption by the Obligor without any requirement for further consent, approval or agreement of the applicable Specified Creditor.
Term:	The Change of Law Assumption Agreement will continue for as long as any Obligations Secured remain outstanding.

[5] We have layered in our proposal on acceleration which was provided to all parties in a memo from OPG dated August 30, 2017.

Obligor Approval:	The Change of Law Assumption Agreement will apply to all Obligations Secured that are incurred by an "Eligible Financing Entity" designated as such in accordance with the following process: In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will review the constating documents of such Financing Entity and the various program agreements. Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, the Manager will notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective.[6] It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following process: (A) At least **[30 days]** prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, the Manager will provide the Obligor with a forecast of the principal amount of Funding Obligations that the Manager expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "**Two Year Forecast**"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast. (B) the Manager shall provide the Obligor with an updated Two Year Forecast between **[6 and 9 months]** prior to the expiry of each current Two Year Forecast. (C) Unless the Obligor provides the Manager with a written notice no later than **[3 months]** prior to the expiry of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations and all

	other Obligations Secured in connection thereto incurred up to the expiry of the new Two Year Forecast.
FIPPA:	The Change of Law Assumption Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Assumption Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

[6] We have not included an express right of the Province to review and sign off on program agreements since that is subsumed in the concept of Eligible Financing Entity – the Province will confirm it is comfortable with such documents prior to designating a Financing Entity an Eligible Financing Entity.

Change of Law Assumption Agreement

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder* ***and made in connection thereto*** *(the "**Regulation**").*[1] *This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act* ***or the August 23, 2017 draft of the Master Trust Indenture (as defined below), as applicable****. The provincial* ~~*protection and assurance*~~***assumption*** *arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

This Term Sheet does not discuss the servicing commingling risk and the warehousing takeout risk, which will be addressed separately by the following (i) the Master Transfer and Servicing Agreement will include an obligation for the IESO to provide a letter of credit if required to support the Funding Obligations in an amount equal to one month of anticipated collections of the clean energy adjustments by all non-rated local distribution companies, and (ii) there will be a step up in pricing reflected in the documents evidencing the short term debt issuance.

Change of Law Assumption Agreement:	A Change of Law Assumption Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the ~~Beneficiaries~~**Specified Creditors** in accordance with ~~a~~**the Master** Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance ~~acting together~~.
Indenture Trustee:	An indenture trustee, acting for ~~itself~~ and on behalf of ~~other persons entitled under an applicable~~**the Specified Creditors under a master trust indenture to be entered into by the Financing Entity, as issuer (the "Master Trust Indenture")**.
Beneficiaries:	The Indenture Trustee, acting for ~~itself~~ and on behalf of ~~other persons entitled under~~**the** Specified ~~Claims~~**Creditors**.
~~**Specified Claims**~~**Obligations Secured:**	~~Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are~~**Obligations Secured**

[1] **Regulations covered by the Change of Law Assumption Agreement must also include the regulations obligating the IESO to pay the debt carrying costs during the moratorium period.**

	approved as contemplated below under Obligor Approval. ~~Specified Claims are expected to include principal and interest on senior debt obligations issued by the Financing Entity [and any other monetary obligations of the Financing Entity that rank ahead of or equally in priority of payment with the senior debt obligations of the Financing Entity pursuant to the Trust Indenture].~~[2]
Assumption Events:	Any of the following would constitute an Assumption Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (B) (2) the Legislature enacts or amends any other statute; (C) (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) **or amends** the ~~General~~ Regulation made under the Act or any portion thereof; ~~or~~ (D) (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*)~~,~~**; or** (E) **(5) there is a change in the organization, structure or operations of the IESO or a change in the electricity market structure or operations not otherwise effected through the actions described in clauses (A)(1) through (4) above.**[3] (F) in each case, that ~~materially and~~**is reasonably expected to** adversely ~~affects~~**affect** (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can

[2] "Obligations Secured" is a defined term in the Master Trust Indenture and encompasses all debts and liabilities of the Financing Entity owing to the Specified Creditors and captures subordinated debt as well. As discussed on the call with Blakes and the Provincial legal team, excluding subordinated debt from the benefits of the Assumption Agreement will increase the pricing of such debt, the costs of which would ultimately be passed on to ratepayers.

[3] We understand certain internal changes to the structure of the IESO may be made by the IESO board without statutory enactments.

	pay ~~Specified Claims~~**the Obligations Secured** or (b) the Change of Law Assumption Agreement or any of the agreements under which ~~Specified Claims~~**Obligations Secured** arise without the agreement of the Indenture Trustee; or[4] (G) a court of competent jurisdiction ~~in a final and non-appealable judgement~~ determines that all or a portion of the Act or the Regulation is *ultra vires*~~,~~ **invalid or inoperative** in a way that ~~materially and~~ adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay ~~Specified Claims~~**the Obligations Secured including, without limitation, a declaration that any funding obligations of the Financing Entity or any investment interests are invalid or unenforceable**.
Obligation to ~~Assume Specified Claims~~Pay the Obligations Secured:	Upon the occurrence of an Assumption Event, ~~the Indenture Trustee will have the right to require~~ the Obligor ~~to~~**will** pay the ~~amount of Specified Claims~~**amounts pertaining to the Obligations Secured** on behalf of the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the **Master** Trust Indenture shall constitute the only remedy available under the Change of Law Assumption Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages~~, or for economic loss or loss of profits~~.
Subrogation:	Upon paying an amount to a Beneficiary in respect of ~~a Specified Claim~~**an Obligation Secured**, the Obligor shall become entitled to all of the applicable Beneficiary's rights and interests under and in respect of the ~~Specified Claim~~**Obligations Secured**, including the security interest in ~~each related investment interest and related~~**the** property of the Financing Entity~~ and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent~~.
Event of Default Cure:[5]	**Upon the occurrence of a Default under the Master Trust Indenture (being an event which, with the passage of time or giving of notice could become an Event of Default), the**

[4] **A materiality qualifier is not appropriate since a change of law that would result in either (a) or (b) is by its nature material.**

[5] **We have layered in our proposal on acceleration which was provided to all parties in a memo from OPG dated August 30, 2017.**

	Obligor would have the following rights: **(A) a right to receive written notice from the Indenture Trustee (at the same time that such trustee provides a notice to the Financing Entity through OPG as the manager) that a Default has occurred;** **(B) in the event of the occurrence of an Event of Default that is not based upon the occurrence of a Default followed by a cure period (such as insolvency of the Financing Entity), a right to receive written notice from the Indenture Trustee that an Event of Default has occurred; and** **(C) a right (but not an obligation) to cure the Default or the Event of Default, as the case may be, within a specified cure period, which will run concurrently with any cure period available under the Master Trust Indenture with respect to the applicable Event of Default.** **(D) The Master Trust Indenture will provide that notwithstanding the occurrence of an Event of Default, the Obligations Secured may not be accelerated until the expiry of the cure period available to the Obligor. If the Default or Event of Default in question cannot be cured by the Obligor on behalf of the Financing Entity within this cure period, then the Obligor will have the option (but not an obligation) to "cure" and avoid acceleration of the Obligations Secured by assuming those Obligations Secured. In such circumstances, the Fair Hydro program would be discontinued and the Obligations Secured owing under the program would be those of the Obligor.**
Optional ~~Replacement~~Assumption:	At any time following ~~the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable~~**an Assumption Event or an Event of Default**, the Obligor shall be entitled (but not obligated) to ~~replace the Financing Entity as obligor and debtor and directly~~ assume all of the ~~Financing Entity's outstanding obligations and liabilities~~**Obligations Secured**. The Financing Entity (including through the ~~Financial Services~~ Manager) will ensure that any ~~obligation and liabilities undertaken or assumed by it will~~**Obligations Secured** by their **contractual** terms permit ~~such a replacement and assumption (or, if applicable, satisfaction and termination)~~**, on an Assumption Event or an Event of Default, an assumption** by the Obligor ~~without additional cost or penalty and~~ without any requirement for further consent, approval or

	agreement **of the applicable Specified Creditor**.
Term:	The Change of Law Assumption Agreement will continue for as long as any ~~Specified Claim remains~~**Obligations Secured remain** outstanding.
Obligor Approval:	The<~~ *Change of Law Assumption Agreement* >~~will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Assumption Agreement applies to such Specified Claim.~~ ~~The Change of Law Assumption Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the~~ Change of Law Assumption Agreement will apply to ~~Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims.~~**all Obligations Secured that are incurred by an "Eligible Financing Entity" designated as such in accordance with the following process:** **In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will review the constating documents of such Financing Entity and the various program agreements. Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, the Manager will notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective.[6]** **It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following process:** **(A) At least [30 days] prior to the initial issuance of**

[6] We have not included an express right of the Province to review and sign off on program agreements since that is subsumed in the concept of Eligible Financing Entity – the Province will confirm it is comfortable with such documents prior to designating a Financing Entity an Eligible Financing Entity.

	Funding Obligations by an Eligible Financing Entity, the Manager will provide the Obligor with a forecast of the principal amount of Funding Obligations that the Manager expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the> *Change of Law Assumption Agreement* <**in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.** **(B) the Manager shall provide the Obligor with an updated Two Year Forecast between [6 and 9 months] prior to the expiry of each current Two Year Forecast.** **(C)** ~~The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.~~ **Unless the Obligor provides the Manager with a written notice no later than [3 months] prior to the expiry of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations and all other Obligations Secured in connection thereto incurred up to the expiry of the new Two Year Forecast.**
FIPPA:	The Change of Law Assumption Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Assumption Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

Document comparison by Workshare Compare on September-13-17 6:21:56 PM

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Legend:	
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Split/Merged cell	
Padding cell	

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Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	115

~~**Provincial Protection and Assurances**~~

Change of Law Assumption Agreement

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

This ***indicative*** *term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017* ***(the "Act")*** *and the regulations* ~~*to be*~~ *made thereunder* ***and made in connection thereto*** *(the "*~~***Act***~~***Regulation***").[1] *This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act*~~.~~ ***or the August 23, 2017 draft of the Master Trust Indenture (as defined below), as applicable. The provincial assumption arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.***

This Term Sheet does not discuss the servicing commingling risk and the warehousing takeout risk, which will be addressed separately by the following (i) the Master Transfer and Servicing Agreement will include an obligation for the IESO to provide a letter of credit if required to support the Funding Obligations in an amount equal to one month of anticipated collections of the clean energy adjustments by all non-rated local distribution companies, and (ii) there will be a step up in pricing reflected in the documents evidencing the short term debt issuance.

Change ~~in~~of Law ~~Guarantee~~Assumption Agreement:	**A Change of Law Assumption Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Specified Creditors in accordance with the Master Trust Indenture.**
~~Guarantor~~Obligor:	The Province of Ontario**, by the Minister of Energy and the Minister of Finance.**
Indenture Trustee:	**An indenture trustee, acting for and on behalf of the Specified Creditors under a master trust indenture to be entered into by the Financing Entity, as issuer (the "Master Trust Indenture").**
Beneficiaries:	**The Indenture Trustee, acting for and on behalf of the Specified Creditors.**
Obligations Secured:	**Obligations Secured approved as contemplated below under**

[1] **Regulations covered by the Change of Law Assumption Agreement must also include the regulations obligating the IESO to pay the debt carrying costs during the moratorium period.**

	Obligor Approval.[2]
~~**Guarantee Activation**~~**Assumption Events:**	Any of the following would constitute ~~a Guarantee Activation~~an Assumption Event: (A) ~~the Legislative Assembly of Ontario repealing (and not replacing~~**(1) the Legislature repeals (and does not replace** on an equivalent basis) **or amends** the Act or any ~~Regulation made thereunder;~~ **portion thereof;** (B) ~~(B) the Legislative Assembly of Ontario causing to come into force any~~ **(2) the Legislature enacts or amends any other** statute**;** ~~(including any amendment to the Act or a Regulation made thereunder), or causing to come into force or making any order-in-council or regulation, or causing to come into force any other discriminatory action (including by way of any order by the Ontario Energy Board), in any case, in a way that adversely affects the rights and interests of the Financing Entity under its investment interest, including, for greater certainty, in any manner~~ (C) **(3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends the Regulation made under the Act or any portion thereof;** (D) **(4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*); or** (E) **(5)** >*there is a change in the organization, structure*<> *or operations* <**of the**

[2] "Obligations Secured" is a defined term in the Master Trust Indenture and encompasses all debts and liabilities of the Financing Entity owing to the Specified Creditors and captures subordinated debt as well. As discussed on the call with Blakes and the Provincial legal team, excluding subordinated debt from the benefits of the Assumption Agreement will increase the pricing of such debt, the costs of which would ultimately be passed on to ratepayers.

>*IESO or a change in the electricity market structure or operations* <**not otherwise effected through the actions described in clauses (A)(1) through (4) above.**[3]

(F) **in each case,** that is reasonably expected to ~~limit~~**adversely affect (a)** the ability of the Financing Entity to receive amounts on its investment interest ~~such that it can pay its specified creditors, including making payments on its debt obligations on the same basis as before such amendment was effected;~~

(G) ~~(C) the Legislative Assembly of Ontario directly or indirectly amending the Guarantee~~**so that it can pay the Obligations Secured or (b) the Change of Law Assumption Agreement** or any of the ~~financing transaction~~ agreements **under which Obligations Secured arise** without the agreement of the ~~Financing Entity;~~**Indenture Trustee; or**[4]

(H) ~~(D)~~ a court of competent jurisdiction ~~(i) declares any funding obligations of the Financing Entity to be~~<~~*invalid or unenforceable*~~> ~~or (ii) in a final and non-appealable judgement~~ determines that all or a portion of the Act **or the Regulation** is *ultra vires*, **invalid or inoperative** in a way that adversely affects the ~~rights and interests of the Financing Entity, including, for greater certainty, in any manner that is reasonably expected to limit the~~ ability of the Financing Entity to receive amounts on its investment interest ~~such~~**so** that it can pay ~~its specified creditors, including making payments on its~~**the Obligations Secured including, without limitation, a declaration that any** funding obligations ~~on the same basis as before such judgement; or~~

(I) ~~(E)~~ <~~*there is a change in the organization, structure*~~> <~~*or operations*~~>of the <~~*IESO or a change in the electricity market structure or operations*~~>~~in any way that adversely affects the rights and interests of the Financing Entity under its investment interest, including, for greater certainty, in any manner~~

[3] **We understand certain internal changes to the structure of the IESO may be made by the IESO board without statutory enactments.**

[4] **A materiality qualifier is not appropriate since a change of law that would result in either (a) or (b) is by its nature material.**

	~~that is reasonably expected to limit the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations on the same basis as before such amendment was effected~~ **~~[NTD: Alternatively, with respect to the IESO servicing obligations, include the Servicing Guarantee language with respect to the IESO that was included in the last mark-up of the term sheet received from the Province.]~~**Financing Entity or any investment interests are> *invalid or unenforceable*<.
~~Guarantee~~Obligation to Pay the Obligations Secured:	Upon the occurrence of ~~a Guarantee Activation Event, the Guarantor shall immediately assume and pay when~~an Assumption Event, the Obligor will pay the amounts pertaining to the Obligations Secured on behalf of the Financing Entity when they become due and payable (without acceleration)~~ all of the obligations of the Financing Entity. The obligations of the Financing Entity include its funding obligations as well as any other obligation the Financing Entity has related to the Fair Hydro program such as payments to service providers (such as trustees, auditors, etc), rating agencies and any fees due to the securities commissions~~. The exercise of such right by the Indenture Trustee in accordance with the Master Trust Indenture shall constitute the only remedy available under the Change of Law Assumption Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages.
Subrogation:	Upon paying an amount to a Beneficiary in respect of an Obligation Secured, the Obligor shall become entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Obligations Secured, including the security interest in the property of the Financing Entity.
Event of Default Cure:[5]	Upon the occurrence of a Default under the Master Trust Indenture (being an event which, with the passage of time or giving of notice could become an Event of Default), the Obligor would have the following rights: (A) a right to receive written notice from the Indenture Trustee (at the same time that such trustee provides a

[5] We have layered in our proposal on acceleration which was provided to all parties in a memo from OPG dated August 30, 2017.

	notice to the Financing Entity through OPG as the manager) that a Default has occurred; (B) in the event of the occurrence of an Event of Default that is not based upon the occurrence of a Default followed by a cure period (such as insolvency of the Financing Entity), a right to receive written notice from the Indenture Trustee that an Event of Default has occurred; and (C) a right (but not an obligation) to cure the Default or the Event of Default, as the case may be, within a specified cure period, which will run concurrently with any cure period available under the Master Trust Indenture with respect to the applicable Event of Default. (D) The Master Trust Indenture will provide that notwithstanding the occurrence of an Event of Default, the Obligations Secured may not be accelerated until the expiry of the cure period available to the Obligor. If the Default or Event of Default in question cannot be cured by the Obligor on behalf of the Financing Entity within this cure period, then the Obligor will have the option (but not an obligation) to "cure" and avoid acceleration of the Obligations Secured by assuming those Obligations Secured. In such circumstances, the Fair Hydro program would be discontinued and the Obligations Secured owing under the program would be those of the Obligor.
Optional Assumption:	At any time following an Assumption Event or an Event of Default, the Obligor shall be entitled (but not obligated) to assume all of the Obligations Secured. The Financing Entity (including through the Manager) will ensure that any Obligations Secured by their contractual terms permit, on an Assumption Event or an Event of Default, an assumption by the Obligor without any requirement for further consent, approval or agreement of the applicable Specified Creditor.
Term:	The ~~Guarantee~~Change of Law Assumption Agreement will continue for as long as ~~the Financing Entity has~~ any Obligations Secured remain outstanding~~ financing or other contractual obligations and until such obligations have all been paid in full or otherwise satisfied~~.
Obligor **Approval**~~-~~	The ~~guarantee agreement containing the terms and conditions contemplated by this term sheet shall be entered into prior to the~~

~~**Requirement**~~**:**	~~Financing Entity incurring its first funding obligation. The Province shall enter into the guarantee based on forms of program and series financing documents required for each financing transaction (e.g., form of supplemental indenture). As long as the financing transaction documents are generally consistent with the agreed upon form, the Province's specific approval for specific funding obligations incurred by the Financing Entity will not be required. Subsequent approval is only needed if the form of such documents are materially changed. For greater certainty, deal specific terms (such as tenor, pricing, etc) shall not be considered a change in the form of transaction and series documents~~**Change of Law Assumption Agreement will apply to all Obligations Secured that are incurred by an "Eligible Financing Entity" designated as such in accordance with the following process:** **In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will review the constating documents of such Financing Entity and the various program agreements. Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, the Manager will notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective.[6]** **It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following process:** **(A) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, the Manager will provide the Obligor with a forecast of the principal amount of Funding Obligations that the Manager expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the**

[6] We have not included an express right of the Province to review and sign off on program agreements since that is subsumed in the concept of Eligible Financing Entity – the Province will confirm it is comfortable with such documents prior to designating a Financing Entity an Eligible Financing Entity.

	Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast. **(B) the Manager shall provide the Obligor with an updated Two Year Forecast between [6 and 9 months] prior to the expiry of each current Two Year Forecast.** **(C) Unless the Obligor provides the Manager with a written notice no later than [3 months] prior to the expiry of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations and all other Obligations Secured in connection thereto incurred up to the expiry of the new Two Year Forecast.**
FIPPA:	The ~~parties~~**Change of Law Assumption Agreement** will acknowledge that the ~~Guarantor~~**Obligor** will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the ~~Guarantor~~**Obligor**, or any agent or representative of the ~~Guarantor~~**Obligor** in connection with the ~~Guarantee~~**Change of Law Assumption Agreement,** may be subject to disclosure in accordance with the act or as otherwise required by law**.**
Representations and Warranties:	To be determined ~~based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Guarantor and~~**by the Minister of Finance and Minister of Energy in negotiation with** the Financing Entity**.**
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the ~~Guarantor~~**Obligor** and the Financing Entity**.**
Governing Law:	Province of Ontario**.**

~~**Warehousing Takeout Risk and Servicing (Commingling) Risk**~~

~~*Note – these items are provided for information purposes only as these risks were included in the previous version of the term sheet as items that the Dealers/OPG were looking for the Province for protection against. The current proposals with respect to these items is described below. These do not contain any requirement for the Province to directly backstop these risks.*~~

Commingling Risk (applies to Warehouse as well as any Term transactions)	
Commingling Risk Mitigant:	For any LDC which is not investment grade rated by each of the rating agencies which are rating the funding obligations (the "Non-Investment Grade LDCs"), either: (A) The IESO must post a Letter of Credit (L/C), or deposit funds in a Commingling Reserve Account in a quantum equal to the Commingling Risk Amount; or (B) The IESO, for so long as it is rated investment grade by the rating agencies which are rating the funding obligations, will assume responsibility for commingling risk by the LDCs and will agree to remit to the Financing Entity any clean energy adjustment amounts collected by the LDC, regardless of whether the LDC remitted those amounts to the IESO for remittance to the Financing Entity
Commingling Risk Amount:	An amount equal to the sum of the expected Clean Energy Adjustment collections from the Non-Investment Grade LDCs over the next [45-60] days
Commingling Risk Amount Reset Date:	Each settlement date for the Financing Entity (monthly)
Beneficiary:	The beneficiary of the L/C or the Commingling Reserve Account would be the Financing Entity and the Indenture Trustee for the benefit of the creditors of the Financing Entity. The Financing Entity and/or the Indenture Trustee would have the ability to draw down the L/C or draw on the Commingling Reserve Account for any clean energy adjustment amounts expected to be received from the IESO but which were not received due to those funds not being remitted from an LDC to the IESO for that period
L/C Provider:	An entity rated at least A+ (or equivalent)
Approvals:	The approach is subject to approval from the IESO, by the rating agencies rating the funding obligations of the Financing Entity and the risk management areas of the banks providing the warehouse facilities
Warehouse Takeout Risk	
Commitment Period for	

Warehouse[1]:	Expected to be 12-24 months
Takeout for Warehouse:	Expected to be every 3-6 months
Warehouse Default Event:	One of the events of default for the warehouse will be the failure to repay the warehouse facility at the end of the commitment term
Consequences of Warehouse Default Event:	If the Warehouse Default Event[2] described above occurs, all amounts funded through the warehouse would become immediately due and payable, subject to the Warehouse Default Payment Cap, and Default Pricing will be charged on any amounts funded through the warehouse facility
Default Pricing:	Step up in pricing to [x] until the moratorium period ends and thereafter stepping up in increments of [y] every six months until the warehouse facility is repaid
Warehouse Default Payment Cap:	For any given reference period following the occurrence of a Warehouse Default Event, the amount that shall be remitted to the Financing Entity for repayment of the warehouse facilities will be the sum of (x) the interest amount due on the warehouse facilities (which, for greater certainty will include any program fees) and (y) the lessor of: (a) The outstanding amount funded through the warehouse facilities; and (b) The maximum amount that can be charged for that period so that clean energy adjustments are equal to, but do not exceed, the fair allocation amount for such period.
Approval Requirement:	Subject to approval by the risk management areas of the banks providing the warehouse facilities which will in part depend on receipt of information on the fair allocation curve and an understanding of how long the "tail risk" could be following a Warehouse Default Event

[1] Please note that this is not intended to be an exhaustive list of terms for the warehouse facility, but rather is a summary of a few select terms that relate to the warehouse takeout risk.

[2] Note there may be other Warehouse Default Events beyond the takeout risk item described above. The consequences for a breach of these other Warehouse Default Events may be different than the one described above where the default is related to failure to takeout the warehouse facility by the end of the commitment period.

Document comparison by Workshare Compare on September-13-17 6:22:51 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24127131/1
Description	#24127131v1<TorysAtWork> - ignore
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24124144/3
Description	#24124144v3<TorysAtWork> - Province Change in Law Agreement (OPG'sCommentsSeptember13/17)
Rendering set	strikeout-colour

Legend:	
Insertion	
~~Deletion~~	
<~~*Moved from*~~>	
>*Moved to*<	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	93
Deletions	91
Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	192

From:	Ken Kandeepan
To:	Gadi Mayman; Anna Strathy; Mike Manning; Ronald Kwan; John Kim
Subject:	FW: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet
Date:	Thursday, September 14, 2017 1:26:09 PM
Attachments:	23148306-v16-Term Sheet - Provincial Support Agreement - May 12.DOCX 23148306-vpdf-Term Sheet - Provincial Support Agreement - May 12.PDF

FYI, note as per Anna's previous email this will be reviewed by Tory and Osler hopefully with minimal comments and back to us EOD.

Thanks

Ken k

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, September 14, 2017 1:18 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

Hi. Here are the changes to the term sheet based on the calls. Happy to discuss before 2. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, September 14, 2017 12:31 PM
To: ASHBOURNE, STEPHEN
Cc: Whitfield, Tobias P. (MOF); McKinlay, Tom (ENERGY); Kandeepan, Ken (OFA); Thouin, Alena (ENERGY)
Subject: RE: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

Yes we'll call in now.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: September 14, 2017 12:30 PM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); McKinlay, Tom (ENERGY); Kandeepan, Ken (OFA); Thouin, Alena (ENERGY)
Subject: RE: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

Do you want to speak for a few minutes now?

I will open up the following line for anyone who is free:

4169333865
Pass 9845204

Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, September 14, 2017 10:23 AM
To: ASHBOURNE, STEPHEN
Subject: RE: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

It's at 10:30 now.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: September 14, 2017 10:10 AM
To: Hanslep, Malle (MOF)
Subject: RE: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

Are we having the 10am call?

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, September 14, 2017 10:07 AM
To: ASHBOURNE, STEPHEN; Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Cc: Whitfield, Tobias P. (MOF)
Subject: FW: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

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From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]

Sent: September 14, 2017 10:05 AM
To: Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Donaldson, Mark (TBS)
Cc: Strathy, Anna (OFA)
Subject: FW: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

Adding Mark and Anna.

From: Mike Manning
Sent: Thursday, September 14, 2017 10:01 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

Just received. This I believe incorporates E&Y comments.
Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Thursday, September 14, 2017 9:56 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: RYFA Ken -TREASURY <ken.ryfa@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: FW: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

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From: RYFA Ken -TREASURY
Sent: Thursday, September 14, 2017 9:44 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Subject: FW: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

Here it is.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, September 13, 2017 6:35 PM
To: 'Fullerton, Rick' <RFullerton@osler.com>; 'Milligan, Peter' <PMilligan@osler.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; 'Smith, Elliot' <ESmith@osler.com>; 'Innes, Michael' <MInnes@osler.com>; 'Bennett, Christopher' <CBennett@osler.com>; 'King, Richard' <rking@osler.com>; 'Royer, Kate' <KRoyer@osler.com>; 'Hughes, Timothy' <THughes@osler.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; 'alan.hibben@rogers.com' <alan.hibben@rogers.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; MCAULEY Tyler -LAWDIV

<tyler.mcauley@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew - TREASURY <matthew.go@opg.com>; YAO Anthea -FUNDMGMT <anthea.yao@opg.com>; JORDA Jenny -FIN & C CTRL <jenny.jorda@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; DREWNIAK John -TREASURY <john.drewniak@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; Feldman, Michael <mfeldman@torys.com>; Hill, Krista <khill@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Emes, Aaron <aemes@torys.com>; Leibel, Robbie <rleibel@torys.com>; Keizer, Charles <ckeizer@torys.com>; Myers, Jonathan <jmyers@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Bomhof, Scott <sbomhof@torys.com>; Slavens, Adam <aslavens@torys.com>; Wortsman, Jerald <jwortsman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; 'mfitzpatrick@hunton.com' <mfitzpatrick@hunton.com>; 'aobrian@hunton.com' <aobrian@hunton.com>; Watson, Gwen <gwatson@torys.com>
Subject: EXTERNAL – RE: Fair Hydro - Provincial Change of Law Assumption Term Sheet

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

Osler team – please find attached a revised draft of the term sheet for the Provincial Change of Law Assumption Agreement (blacklined to the Province's draft as well as the draft you prepared on August 14). Please note that there are some formatting issues in the blacklines that do not appear in the clean word version.

Please also note that this draft is being concurrently circulated to OPG and remains subject to OPG's review. Please let us know if you or the dealers have any comments by no later than this Friday. We will need to circulate a revised draft of the term sheet to the Province by then.

Thank you,
Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

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<u>Provincial Protections and Assurances</u>

<u>Indicative Term Sheet</u>

<u>Ontario Fair Hydro Plan Act, 2017</u>

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are

	appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*); (5) there is a change in the organization or structure of the IESO or Ontario's market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][1] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity.

[1] Under consideration to assess the marketability implications of this phrase.

Optional Assumption:	At any time following the occurrence of a Protection Event, the Obligor shall be entitled (but not obligated) to assume the Financing Entity's obligations in respect of Specified Claims as obligor and debtor. The Financing Entity (including through the Financial Services Manager) will ensure that Specified Claims permit such an assumption by the Obligor without any penalty or make-whole payment (or, in the case of any contract for the provision of on-going services to the Financing Entity, the satisfaction and termination of the Specified Claims without any acceleration of future fees, profits or other like amounts), or any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding ~~on the parties~~.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the ~~General~~ Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are

	appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*)~~,~~; (5) there is a change in the organization or structure of the IESO or Ontario's market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][1] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity~~ and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the~~

[1] Under consideration to assess the marketability implications of this phrase.

	~~Obligor's prior written consent~~.
Optional ~~Replacement~~Assumption:	At any time following the ~~exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable~~occurrence of a Protection Event, the Obligor shall be entitled (but not obligated) to ~~replace~~assume the Financing Entity's obligations in respect of Specified Claims as obligor and debtor~~ and directly assume all of the Financing Entity's outstanding obligations and liabilities~~. The Financing Entity (including through the Financial Services Manager) will ensure that ~~any obligation and liabilities undertaken or assumed by it will by their terms~~Specified Claims permit such ~~a replacement and assumption (or, if applicable,~~an assumption by the Obligor without any penalty or make-whole payment (or, in the case of any contract for the provision of on-going services to the Financing Entity, the satisfaction and termination~~) by the Obligor without additional cost or penalty and without~~ of the Specified Claims without any acceleration of future fees, profits or other like amounts), or any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will ~~become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Protection Agreement applies to such Specified Claim.~~ ~~The Change of Law Protection Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Protection Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims.~~ ~~The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.~~ be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.

FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

Document comparison by Workshare Compare on Thursday, September 14, 2017 1:14:40 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23148306/15
Description	TOR_2528-#23148306-v15-Term_Sheet_-_Provincial_Support_Agreement_-_May_12
Document 2 ID	PowerDocs://TOR_2528/23148306/16
Description	TOR_2528-#23148306-v16-Term_Sheet_-_Provincial_Support_Agreement_-_May_12
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	19
Deletions	18
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	37

From:	Anna Strathy
To:	Ken Kandeepan; Mike Manning; Ronald Kwan
Subject:	FW: FHP Item may go earlier than 3:20pm
Date:	Monday, September 25, 2017 11:41:01 AM
Importance:	High

Per below, FHP item could go as early as 3:05pm. Best to be there before 3:00pm.

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Monday, September 25, 2017 11:29 AM
To: Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Long, Anne-Marie (MOF) <Anne-Marie.Long@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>
Subject: FHP Item may go earlier than 3:20pm
Importance: High

Hi everyone,

TB/MBC today starts at 3:00pm.

The Provincial Protection Agreement (PPA) item is scheduled 3rd at 3:20pm. However, the second item could potentially have a quorum issue, so the PPA could go earlier – 3:05pm.

Please have attendees ready.

James

From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Ken Kandeepan; Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Anna Strathy
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: Fair Hydro - Change of Law Protection Agreement
Date:	Friday, December 08, 2017 10:35:14 AM
Attachments:	Compare Protection Agreement (Dec 4 (Province) v Dec 7 (Osler_Torys)).PDF Change of Law Protection Agreement - Dec 7 (Osler_Torys).DOCX

Hi all,

We have now received a revised version of the Protection Agreement. Should we schedule a call for about 1pm to go through this draft? I don't think that I will be available before 1pm. Perhaps Anna can arrange the call?

Thanks

Malle

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: December 7, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

Peter Milligan

416.862.6634 DIRECT
416.862.6666 FACSIMILE
pmilligan@osler.com

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the

other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the

agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

Blakes

Blake, Cassels & Graydon LLP

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of

the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our

discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Explanatory Note: Logistics of closing are under consideration by the Province.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council ~~dated as of~~ 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Intentionally Deleted~~Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager agrees to provide the Province with the computations and calculations used by the Manager to prepare each such statement promptly following a request therefor.[2]

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

[2] This language was reinserted as the guarantee statements required to be delivered by the Manager should be binding on the Province.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

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

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

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

~~Whenever~~Unless otherwise provided for under the terms of any Approved Obligation, whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~shall (unless the Rating Agency Condition has been satisfied with respect to a demand not being made as a result of the Protection Event),~~may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the

amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**");

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province

~~[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.~~

under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs ~~on or~~ after the date on which all amounts payable under all Approved Obligations have been paid in full, whether pursuant to Guarantee Payments or payments made pursuant to the payment provisions of the Trust Indenture or any combination thereof, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts ~~(each, a "**Final Subrogation Amount**")~~, in each case in the priorities specified below:

(I) as an amount ranking equally with ~~[~~principal amounts of Senior Funding Obligations~~]~~[4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to ~~[~~principal amounts of Senior Funding Obligations~~]~~, plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province

[3] ~~Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.~~

[4] ~~Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.~~

in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day (such amount, the "**Senior Final Subrogation Amount**");

(II) as an amount ranking equally with [principal amounts of Subordinated Funding Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [principal amounts of Subordinated Funding Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I) (such amount, the "**Subordinated Final Subrogation Amount**"); and

(III) as an amount ranking equally with [principal amounts of Junior Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [principal amounts of

[5] ~~Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.~~

Junior Subordinated Funding Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II) (such amount, the "**Junior Subordinated Final Subrogation Amount**" and, together with the Senior Final Subrogation Amount and the Subordinated Final Subrogation Amount, the "**Final Subrogation Amounts**")[3]; and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iiiiii.

[3] Separate definitions were included to facilitate inserting these amounts into Trust Indenture priority of payment provisions.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)~~(~~iv~~)~~(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(~~B~~D) and as a payee of any amounts payable under clause 2.01(a)~~(~~v~~)~~, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. ~~(a)~~ the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. ~~(b)~~ OPG, as FSM, delivers ~~a certificate~~an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation)~~, confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be~~* ~~provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation~~*;[4] and

iii. ~~(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied,~~ the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) The following shall be the Adherence Conditions applicable in relation to each Refinancing:

i. such Refinancing when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-2 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee and the Province, on or before the incurrence of the Refinancing (provided that delivery may not be more than 5 Business Days before the incurrence of such Refinancing).[5]

[4] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-1 to this Agreement and accordingly this language has been deleted from this para (ii) and is reproduced in the form of certificate attached as Exhibit B-1.

[5] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-2 to this Agreement.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation or a Refinancing shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation or the Refinancing, as applicable, as such Certified Primary Obligation or Refinancing may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or a Refinancing.

4.03 Evidence of Satisfaction

~~A closing certificate~~An Adherence Compliance Certificate delivered in accordance with Section 4.02(~~b) in connection with an incurrence of a Certified Primary Obligation~~a)ii or in accordance with Section 4.02(b)ii, as the case may be, shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. ~~A closing certificate~~An Adherence Compliance Certificate that purports on its face to be signed by officers specified in Section 4.02(~~b~~)a)ii or Section 4.02(b)ii, as applicable, may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If ~~a closing certificate~~an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of Section 4.02(~~b) in respect of a Certified Primary Obligation~~a)ii or Section 4.02(b)ii, as applicable, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(~~b~~)a)ii or Section 4.02(b)ii, as applicable, if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation or the Refinancing.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in

respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including ~~[~~Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition)~~]~~; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section ~~5.01.~~5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the

extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section [**7.10**~~(d)~~] of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) ~~(b)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the ~~provision~~adherence of the Limited Guarantee~~, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach~~ to the Certified Primary Obligations and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the ~~provision~~adherence of the Limited Guarantee to the Certified Primary Obligations, proves to be incorrect in

[6] Explanatory Note: ~~The Province is content to receive the same~~Indenture Trustee representations ~~as are provided~~have been conformed to the MTI and are subject to review and sign off by the Indenture Trustee ~~should be under the Trust Indenture. Please conform.~~

any material respect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primaryan Approved Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that theor if such Refinancing is otherwise an Approved Obligation), by delivering a written notice in the form of Exhibit BC (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.[7]

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence* will be used solely for the *purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred or amended(ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primaryan Approved Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that theor if such Refinancing is otherwise an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primaryan Approved Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that theor if such Refinancing is otherwise an Approved Obligation).

[7] The paragraph that was deleted from Section 7.01 was modified slightly and moved to the form of the Adherence Compliance Certificate set out in Exhibit B-2 as the Adherence Condition for the Refinancing so that it is clear what conditions have to be satisfied for a Refinancing to be an Approved Obligation. As discussed in our meeting with the principals and in response to the DBRS comments, debt issued on a refinancing of protected debt should continue to be protected debt.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies ~~on~~of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 or Exhibit B-2, as applicable, delivered by the FSM in accordance with Section 4.02(a)ii or Section 4.02(b)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest~~ or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[7]~~, in which case the Certified Primary Obligation therefor shall be the Funding Obligation Agreement applicable to such Funding Obligation and not each individual borrowing or utilization thereunder, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate minimum payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above); provided that "**Certified Primary Obligations**" shall not include any Refinancing.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

~~[7] Explanatory Note: Province requires a Process Certificate for each monthly draw.~~

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Junior Subordinated Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~an ISDA~~a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account ~~or required to be held in~~

~~the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date~~[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[98], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

[8] ~~Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.~~

[98] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

For clarity, for purposes of the definition of "Protection Event", the occurrence of an event described in any of clauses (i) to (v) of paragraph (a) or a determination by a court of competent jurisdiction described in paragraph (b) which (x) results, or could reasonably be expected to result, in a rating downgrade or withdrawal of a rating by a Rating Agency, or (y) results in a Rating Agency publicly announcing that it has placed under surveillance or review, with possible negative implications, its rating of any Approved Obligation in effect prior to the occurrence of such event or court determination shall be sufficient to establish the required "materially and adversely" threshold.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[~~10~~9] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[~~11~~10]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Senior Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

[~~10~~9] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[~~11~~10] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subordinated Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B-1

FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was* provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation*.

DATED as of the [■] day of [■], [■].

Name: [11]	Name:
Office:	Office:

[11] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT B-2
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(b)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

AND TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 4.02(b)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. The proceeds of the Refinancing* will be used solely for the *purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Section 4.02(a) of the Change of Law Protection Agreement had been satisfied or one or more Refinancings in respect of which the Adherence Conditions in section 4.02(b) of the Change of Law Protection Agreement had been satisfied.

DATED as of the [■] day of [■], [■].

Name: [12]	Name:
Office:	Office:

[12] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

BNY Trust Company of Canada, as Indenture Trustee

AND TO:

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section ~~7.01,~~7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing ~~of a Primary Obligation~~ in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred or ~~amended~~(ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after delivery of this Suspension Notice, other than any Refinancing of ~~a Primary~~an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied of if such Refinancing is otherwise an Approved Obligation.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Osler/Torys Comment Draft: December 7, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Explanatory Note: Logistics of closing are under consideration by the Province.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager agrees to provide the Province with the computations and calculations used by the Manager to prepare each such statement promptly following a request therefor.[2]

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

[2] This language was reinserted as the guarantee statements required to be delivered by the Manager should be binding on the Province.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

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

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

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Unless otherwise provided for under the terms of any Approved Obligation, whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**");

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount;

(D) on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs after the date on which all amounts payable under all Approved Obligations have been paid in full, whether pursuant to Guarantee Payments or payments made pursuant to the payment provisions of the Trust Indenture or any combination thereof, the Province shall be entitled to be

paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts, in each case in the priorities specified below:

(I) as an amount ranking equally with principal amounts of Senior Funding Obligations, the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to principal amounts of Senior Funding Obligations, plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day (such amount, the "**Senior Final Subrogation Amount**");

(II) as an amount ranking equally with principal amounts of Subordinated Funding Obligations, the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to principal amounts of Subordinated Funding Obligations, plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate

borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I) (such amount, the "**Subordinated Final Subrogation Amount**"); and

(III) as an amount ranking equally with principal amounts of Junior Subordinated Obligations, the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to principal amounts of Junior Subordinated Funding Obligations, plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II) (such amount, the "**Junior Subordinated Final Subrogation Amount**" and, together with the Senior Final Subrogation Amount and the Subordinated Final Subrogation Amount, the "**Final Subrogation Amounts**")[3]; and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the

[3] Separate definitions were included to facilitate inserting these amounts into Trust Indenture priority of payment provisions.

Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(D) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation);[4] and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) The following shall be the Adherence Conditions applicable in relation to each Refinancing:

i. such Refinancing when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-2 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee and the Province, on or before the incurrence of the Refinancing (provided that delivery may not be more than 5 Business Days before the incurrence of such Refinancing).[5]

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation or a Refinancing shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation or the Refinancing, as applicable, as such Certified Primary Obligation or Refinancing may be amended, restated, supplemented or otherwise modified from time to

[4] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-1 to this Agreement and accordingly this language has been deleted from this para (ii) and is reproduced in the form of certificate attached as Exhibit B-1.

[5] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-2 to this Agreement.

time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or a Refinancing.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with Section 4.02(a)ii or in accordance with Section 4.02(b)ii, as the case may be, shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in Section 4.02(a)ii or Section 4.02(b)ii, as applicable, may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of Section 4.02(a)ii or Section 4.02(b)ii, as applicable, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(a)ii or Section 4.02(b)ii, as applicable, if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation or the Refinancing.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the

Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

[6] Explanatory Note: Indenture Trustee representations have been conformed to the MTI and are subject to review and sign off by the Indenture Trustee.

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligations and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligations, proves to be incorrect in any material respect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.[7]

[7] The paragraph that was deleted from Section 7.01 was modified slightly and moved to the form of the Adherence Compliance Certificate set out in Exhibit B-2 as the Adherence Condition for the Refinancing so that it is clear what conditions have to be satisfied for a Refinancing to be an Approved Obligation. As discussed in our meeting with the principals and in response to the DBRS comments, debt issued on a refinancing of protected debt should continue to be protected debt.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred or (ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after the time such Suspension Notice is delivered, other than any Refinancing of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation.

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 or Exhibit B-2, as applicable, delivered by the FSM in accordance with Section 4.02(a)ii or Section 4.02(b)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, in which case the Certified Primary Obligation therefor shall be the Funding Obligation Agreement applicable to such Funding Obligation and not each individual borrowing or utilization thereunder, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate minimum payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above); provided that "**Certified Primary Obligations**" shall not include any Refinancing.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Junior Subordinated Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[8], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

[8] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

For clarity, for purposes of the definition of "Protection Event", the occurrence of an event described in any of clauses (i) to (v) of paragraph (a) or a determination by a court of competent jurisdiction described in paragraph (b) which (x) results, or could reasonably be expected to result, in a rating downgrade or withdrawal of a rating by a Rating Agency, or (y) results in a Rating Agency publicly announcing that it has placed under surveillance or review, with possible negative implications, its rating of any Approved Obligation in effect prior to the occurrence of such event or court determination shall be sufficient to establish the required "materially and adversely" threshold.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[9] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[10]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Senior Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subordinated Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

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[9] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[10] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B-1
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [11]	Name:
Office:	Office:

[11] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT B-2
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(b)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

AND TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 4.02(b)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. The proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Section 4.02(a) of the Change of Law Protection Agreement had been satisfied or one or more Refinancings in respect of which the Adherence Conditions in section 4.02(b) of the Change of Law Protection Agreement had been satisfied.

DATED as of the [■] day of [■], [■].

Name: [12]	Name:
Office:	Office:

[12] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred or (ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after delivery of this Suspension Notice, other than any Refinancing of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied of if such Refinancing is otherwise an Approved Obligation.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

From:	Mike Manning
To:	Ronald Kwan
Subject:	FW: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 2:32:17 PM
Attachments:	TOR_2528-#23239360-v29-Change_of_Law_Protection_Agreement.DOCX 23239360-vpdf-Change of Law Protection Agreement.PDF

Hi Ron:
As requested, not sure why you were not on the list.
Mike

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Tuesday, December 12, 2017 9:45 AM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Saulnier, Brett <bsaulnier@torys.com>; Milligan, Peter <PMilligan@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Conner, Robbin <Robbin.Conner@gs.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Here is my mark-up of the Protection Agreement. It remains subject to input from the Province. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Tuesday, December 12, 2017 9:37 AM

To: Saulnier, Brett; ASHBOURNE, STEPHEN; Milligan, Peter; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA; Conner, Robbin
Subject: RE: Fair Hydro - Change of Law Protection Agreement

A bit rushed, but here are my comments on the revised Change of Law Protection Agreement:

- In section 4.02(c), add "a Post-Suspension Obligation or a Pre-Approved Refinancing" after "a Certified Primary Obligation".

- In section 7.03, should this apply to both Post-Suspension Refinancings and Pre-Approved Refinancings"? Also, need to change the clause "the Manager shall accept such Proposal" as it was the Manage that submitted the Proposal to the Province. It should read "the Manager shall accept the Province's proposal to provide such Post-Suspension Refinancing". And change the final ";" to a comma before "provided that such Post-Suspension…"

- In section 7.04, add "or Pre-Approved Refinancing" to the end of the sentence.

- In the definition of "Post-Suspension Refinancing", why is the term "one or more Series of Approved Obligations" being used? Why not simply "one or more Approved Obligations"?

- In the definition of "Pre-Approved Refinancing", revise to read "… waived its right to object under the Change of Law Process Agreement or otherwise to such Refinancing being an Approved Obligation."

- In the definition of "Protection Event", in paragraph (a), change "an event described in a(i) to a(v)" to "an event described in any of clauses (i) to (v) of this paragraph (a)". Also, it is not correct to say "after collecting the True-up Amount" because this would suggest having collected the True-up Amount". It should say, "and (ii) in respect of the True-up Amount for the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a)".

- In the new definitions added which refer to "in the Act", change to "in the Act as of the date hereof" (e.g., "True-up Amount").

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'

<Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
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Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom

(MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

Peter Milligan

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter

<PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out

in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

"Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a

Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
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Dir: 416-863-3086

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi

(OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com'

<JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
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Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by

electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the

Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a

Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture

Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis[1]:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that

[1] Explanatory Note: The deletion of the paramountcy provision is acceptable as long as section 2.01 if fully reflected in the Trust Indenture. To be confirmed.

ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights[2] under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

[2] Explanatory Note: As discussed, the Province understands that voting rights may be muted by the "outstanding" language in the Trust Indenture. Nevertheless, if voting rights would arise under the Trust Indenture they should be available to the Province.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation or (iii) the Primary Obligation is a Post-Suspension Refinancing or a Pre-Approved Refinancing.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's

rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts

thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering a written notice in

the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions thereto); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms as than those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as may be considered by the Financing Entity to be not more onerous on the Province and that are acceptable on that basis to the Province, acting reasonably.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity
Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means any change that could affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations, in each case the proceeds of which are used solely for the purpose of repaying one or more Funding Obligations that are Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the issuance of such Certified Primary Obligation, consented to such Refinancing not being a Certified Primary Obligation to which the Adherence Conditions would otherwise apply.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to any funds available at such time, including (i) in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) under any credit enhancement agreement to which the Financing Entity is a party and (iii) after collecting the True-up Amount in the Reference Period immediately following the Reference Period during which an event described in any of subclauses (a)(i) to a(v) occurs, or (Y) adversely changes or adversely affects the enforceability of the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to any funds available at such time, including (i) in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) under any credit enhancement agreement to which the Financing Entity is a party and (iii) after collecting the True-up Amount in the Reference Period immediately following the Reference Period during which an event described in this clause (b) occurs.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [3]	Name:
Office:	Office:

[3] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the

payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis[1]:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the ~~Issuer~~Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the ~~Issuer~~Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the ~~Issuer~~Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the ~~Issuer~~Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment

[1] Explanatory Note: The deletion of the paramountcy provision is acceptable as long as section 2.01 if fully reflected in the Trust Indenture. To be confirmed.

provisions and in accordance with the ~~applicable Payment Waterfalls~~priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights[2] under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

[2] Explanatory Note: As discussed, the Province understands that voting rights may be muted by the "outstanding" language in the Trust Indenture. Nevertheless, if voting rights would arise under the Trust Indenture they should be available to the Province.

(b) ~~v.~~ On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) ~~vi.~~ In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) ~~vii.~~ The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) ~~viii.~~ For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) ~~ix.~~ Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) ~~x.~~ Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) ~~xi.~~ Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) ~~xii.~~ The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

~~(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), and as a payee of any amounts payable under clause 2.01(a)vi, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.~~

~~(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).~~

~~(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.~~

~~(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.~~

~~(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.~~

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, (ii) the Province, in its sole discretion, designates in writing that it is an Approved

Obligation or (iii) the Primary Obligation is a Post-Suspension Refinancing or a Pre-Approved Refinancing.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B~~-1~~ signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of ~~a~~the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) ~~For greater certainty~~Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time~~, without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement~~.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence ~~Conditions~~Condition with respect thereto ~~have~~has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective

as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors),

Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection

herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its

obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions thereto); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall ~~include a summary of~~describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to ~~provide~~fund such Post-Suspension Refinancing or arrange for another Person to ~~provide~~fund such Post-Suspension Refinancing on the same~~, or better,~~ terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to ~~provide~~offer to fund such Post-Suspension

Refinancing as provided in the preceding sentence, the Manager shall accept such ~~Proposal~~offer; however, if the Province does not elect to ~~provide~~offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same ~~or less onerous~~ terms as than those set out in the Proposal~~; provided that such~~ if the Post-Suspension Refinancing ~~is available on such terms~~can be completed by the Financing Entity in compliance with the Act, or on such other terms as may be considered by the Financing Entity to be not more onerous on the Province and that are acceptable on that basis to the Province, acting reasonably.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B~~-1~~ delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means any change that could affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization)~~, or that could affect~~; (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a ~~Primary~~Funding Obligation ~~proposed to be~~that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event~~,~~ in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations ~~or one or more such Refinancings.~~, in each case the proceeds of which are used solely for the purpose of repaying one or more Funding Obligations that are Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the issuance of such Certified Primary Obligation, ~~waived its right to object~~consented to such Refinancing not being ~~an Approved~~a Certified Primary Obligation to which the Adherence Conditions would otherwise apply.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in

Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects ~~(X)~~ the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations ~~Secured~~, in each case determined after taking into account and having regard to any funds available at such time, including (i) in any Finance Reserve Account ~~at such time and (ii~~, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) under any credit enhancement agreement to which the Financing Entity is a party and (iii) after collecting the True-up Amount in the Reference Period immediately following the ~~occurrence of~~Reference Period during which an event described in ~~a~~any of subclauses (a)(i) to a(v) occurs, or (Y) adversely changes or adversely affects the enforceability of the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations ~~Secured~~ arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations ~~Secured~~ and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations ~~Secured~~ that have become due and payable, in each case determined after taking into account and having regard to any funds available at such time, including (i) in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) under any credit enhancement agreement to which the Financing Entity is a party and (iii) after collecting the True-up Amount in the Reference Period immediately following the Reference Period during which an event described in this clause (b) occurs.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B~~-1~~
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [13]	Name:
Office:	Office:

[13] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on Tuesday, December 12, 2017 9:18:16 AM

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Document 1 ID	PowerDocs://TOR_2528/23239360/28
Description	TOR_2528-#23239360-v28-Change_of_Law_Protection_Agreement
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Description	TOR_2528-#23239360-v29-Change_of_Law_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	83
Deletions	77
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	162

From:	Anna Strathy on behalf of Ramchandani, Rima
To:	Ronald Kwan; LEE John -TREASURY; "WONG Leslie -LAWDIV"; "david.dalbello@rbccm.com"; "ian.benaiah@rbccm.com"; "geoffrey.reeves@cibc.com"; "Donnie.Persaud@cibc.com"; "Andrew.Maciel@cibc.com"; "Sunil.Adalja@cibc.com"; "brian.bolster@gs.com"; Niehaus, Katrina; "Salina.Sabri@gs.com"; "Brian.Delaney@gs.com"; Gadi Mayman; Mike Manning; Ken Kandeepan; HARTWICK Ken -FINANCE; "Sebastiano, Rocco"; Milligan, Peter; "ASHBOURNE, STEPHEN"; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Feldman, Michael; Mansoori, Nina
Subject:	FW: Fair Hydro -- Change of Law Agreements (All Hands Meeting with Counsel)
Start:	Monday, December 11, 2017 12:15:00 PM
End:	Monday, December 11, 2017 2:00:00 PM
Location:	79 Wellington Street West, 33rd Floor

-----Original Appointment-----
From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Monday, December 11, 2017 11:15 AM
To: Ramchandani, Rima; LEE John -TREASURY; 'WONG Leslie -LAWDIV'; 'david.dalbello@rbccm.com'; 'ian.benaiah@rbccm.com'; 'geoffrey.reeves@cibc.com'; 'Donnie.Persaud@cibc.com'; 'Andrew.Maciel@cibc.com'; 'Sunil.Adalja@cibc.com'; 'brian.bolster@gs.com'; Niehaus, Katrina; 'Salina.Sabri@gs.com'; 'Brian.Delaney@gs.com'; Gadi Mayman; Mike Manning; Ken Kandeepan; HARTWICK Ken -FINANCE; 'Sebastiano, Rocco'; Milligan, Peter; 'ASHBOURNE, STEPHEN'; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Feldman, Michael; Mansoori, Nina
Subject: Fair Hydro -- Change of Law Agreements (All Hands Meeting with Counsel)
When: Monday, December 11, 2017 12:15 PM-2:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: 79 Wellington Street West, 33rd Floor

This meeting of the Dealers, OPG, the Province and external counsel is scheduled to follow a meeting of the principals only. If I have missed anyone on this invite, please feel free to forward.

For those dialing in:

Dial-in: 1.800.600.0998
Passcode: 8657666#

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From:	Anna Strathy on behalf of Ramchandani, Rima
To:	Steen Hume (CAB); Hilary Cox (ENE); Anna Strathy; Daniel Cayley (ENERGY); LEE John -TREASURY; Scott Nelms (ENERGY); RYFA Ken -TREASURY; Keley Katona (ENERGY); "HAHN PARKER Janet -TREASURY"; Ronald Kwan; MAUTI John -FIN & C CTRL; Usman Zahid; LAURETA LAPIRA May -TREASURY; Veinot, Cindy (TBS); Mansoori, Nina; "Hosick, Sarah (TBS)"; Feldman, Michael; Mark Donaldson (MOF); WONG Leslie -LAWDIV; "Sebastiano, Rocco"; Milligan, Peter; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ASHBOURNE, STEPHEN"; "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc:	Ken Kandeepan; LADAK Lubna -TREASURY
Subject:	FW: Fair Hydro -- Change of Law Agreements

-----Original Appointment-----
From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Tuesday, November 21, 2017 9:26 AM
To: Ramchandani, Rima; Anna Strathy; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); 'ASHBOURNE, STEPHEN'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY
Subject: Fwd: Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 11:00 AM-2:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys (79 Wellington Street West, 33rd Floor)

Begin forwarded message:

From: "Ramchandani, Rima" <rramchandani@torys.com <mailto:rramchandani@torys.com> >
To: "LEE John -TREASURY" <john.s.lee@opg.com <mailto:john.s.lee@opg.com> >, "RYFA Ken -TREASURY" <ken.ryfa@opg.com <mailto:ken.ryfa@opg.com> >, "'HAHN PARKER Janet -TREASURY'" <j.hahnparker@opg.com <mailto:j.hahnparker@opg.com> >, "MAUTI John -FIN & C CTRL" <john.mauti@opg.com <mailto:john.mauti@opg.com> >, "LAURETA LAPIRA May -TREASURY" <may.lapira@opg.com <mailto:may.lapira@opg.com> >, "Mansoori, Nina" <nmansoori@torys.com <mailto:nmansoori@torys.com> >, "Feldman, Michael" <mfeldman@torys.com <mailto:mfeldman@torys.com> >, "WONG Leslie -LAWDIV" <leslie.wong@opg.com <mailto:leslie.wong@opg.com> >, "'Sebastiano, Rocco'" <RSebastiano@osler.com <mailto:RSebastiano@osler.com> >, "Milligan, Peter" <PMilligan@osler.com <mailto:PMilligan@osler.com> >, "Fullerton, Rick" <RFullerton@osler.com <mailto:RFullerton@osler.com> >, "Gadi Mayman" <Gadi.Mayman@ofina.on.ca <mailto:Gadi.Mayman@ofina.on.ca> >, "Mike Manning" <Mike.Manning@ofina.on.ca <mailto:Mike.Manning@ofina.on.ca> >, "Malle Hanslep (MOF)" <Malle.Hanslep@ontario.ca <mailto:Malle.Hanslep@ontario.ca> >, "'ASHBOURNE, STEPHEN'" <STEPHEN.ASHBOURNE@blakes.com <mailto:STEPHEN.ASHBOURNE@blakes.com> >, "'ian.benaiah@rbccm.com <mailto:ian.benaiah@rbccm.com> '" <ian.benaiah@rbccm.com <mailto:ian.benaiah@rbccm.com> >, "'Khan, Nur (nur.khan@rbccm.com <mailto:nur.khan@rbccm.com>)'" <nur.khan@rbccm.com <mailto:nur.khan@rbccm.com> >, "'brent.r.taylor@rbccm.com <mailto:brent.r.taylor@rbccm.com> '" <brent.r.taylor@rbccm.com <mailto:brent.r.taylor@rbccm.com> >, "'katrina.niehaus@gs.com <mailto:katrina.niehaus@gs.com> '" <katrina.niehaus@gs.com <mailto:katrina.niehaus@gs.com> >, "'brian.delaney@gs.com <mailto:brian.delaney@gs.com> '" <brian.delaney@gs.com <mailto:brian.delaney@gs.com> >, "Maciel, Andrew" <Andrew.Maciel@cibc.com <mailto:Andrew.Maciel@cibc.com> >, "Adalja, Sunil" <Sunil.Adalja@cibc.com <mailto:Sunil.Adalja@cibc.com> >, "Persad, Nicole" <Nicole.Persad@cibc.com <mailto:Nicole.Persad@cibc.com> >, "Persaud, Donnie - Debt Capital Markets" <Donnie.Persaud@cibc.com <mailto:Donnie.Persaud@cibc.com> >
Cc: "Ken Kandeepan" <Ken.Kandeepan@ofina.on.ca <mailto:Ken.Kandeepan@ofina.on.ca> >, "LADAK Lubna -TREASURY" <lubna.ladak@opg.com <mailto:lubna.ladak@opg.com> >
Subject: Fair Hydro -- Change of Law Agreements

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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From: Ronald Kwan
To: John Kim
Subject: FW: Fair Hydro -- Change of Law Assumption Agreement
Date: Thursday, October 19, 2017 9:35:51 AM

Hi John,

See Gadi's question.

Ron

From: Gadi Mayman
Sent: October-19-17 09:28
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fwd: Fair Hydro -- Change of Law Assumption Agreement

I see in Nina's email a reference to ISDA. Are we, under the change of law assumption agreement, guaranteeing any swaps that OPG trust may enter?

Begin forwarded message:

> **From:** "Mansoori, Nina" <nmansoori@torys.com>
> **Date:** October 19, 2017 at 9:17:25 AM EDT
> **To:** "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>
> **Cc:** LEE John -TREASURY <john.s.lee@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>, "Ramchandani, Rima" <rramchandani@torys.com>, "Feldman, Michael" <mfeldman@torys.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Donaldson, Mark (TBS)" <Mark.Donaldson@ontario.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Nelms, Scott (MOF)" <Scott.Nelms@ontario.ca>, "Devine, James (OFA)" <James.Devine@ofina.on.ca>, "Yep, Carlos (OFA)" <Carlos.Yep@ofina.on.ca>, "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>, "Cengarle, John (MOF)" <John.Cengarle@ontario.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Katona, Keley (MOF)" <Keley.Katona@ontario.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>, "Hirani, Anis (OFA)" <Anis.Hirani@ofina.on.ca>, "Kim, John (OFA)" <John.Kim@ofina.on.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "'STEPHEN.ASHBOURNE@blakes.com'" <STEPHEN.ASHBOURNE@blakes.com>, "'LADAK Lubna -TREASURY'" <lubna.ladak@opg.com>, "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Mansoori, Nina" <nmansoori@torys.com>

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good Morning Malle,

In terms of Program Agreements, here is an update:

-we have previously circulated the MTI and MTSA to Blakes. Both of these agreements are in mid-turn but we will send you the next circulation of these agreements once available.
-we received an initial draft supplemental for the warehouse facility on Tuesday from the dealers' counsel. We have not yet reviewed it nor have we discussed it with Oslers so we will send you the next circulation of this document.
-I am attaching the most current versions of the Declaration of Trust and the Management Agreement (which are subject to the continuing review of the working group).
-we'll have a form of ISDA Schedule to you soon.
-we don't expect to have a substantially advanced draft of the OM to share until November.

Please let me know if you have any questions.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: October-18-17 7:02 PM
To: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY'

<lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Nina,

We will be reviewing your comments and mark-up.

On a related point, do you have available yet drafts of any of the other agreements that will be required in connection with a proposed issuance by the financing entity and that we have previously discussed and requested copies of such as a draft supplemental indenture, draft disclosure documents, drafts of other agreements referenced in the master trust indenture to the extent they would be used in or related to an issuance by the Financing Entity etc. The Protection Agreement is proposed to work in the context of these other agreements and this would provide a better context for review by the Province. If they are not yet available, when are they expected to be available?

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 18, 2017 9:53 AM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the

financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective

approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each

incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.

- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie - LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

<image001.jpg>[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such

Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change

of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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<Fair Hydro - Management Agreement (DRAFT).pdf>

<Fair Hydro - Declaration of Trust (DRAFT).pdf>

From:	Hanslep, Malle (MOF)
To:	Mike Manning; Ken Kandeepan; Ronald Kwan; Anna Strathy; Keley Katona (ENERGY); Scott Nelms (ENERGY)
Cc:	Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY)
Subject:	FW: Fair Hydro -- Change of Law Assumption Agreement
Date:	Wednesday, October 04, 2017 5:57:00 PM
Attachments:	12913400-v4-OFHPA - Province Support - Obligor Approval Process.docx

Has anyone heard from OPG or Torys regarding this since Toby's email? Steve Ashbourne checked in with us to find out as he has not heard anything either.

Thanks.

Malle

From: Whitfield, Tobias P. (MOF)
Sent: September 27, 2017 4:21 PM
To: Ramchandani, Rima; Feldman, Michael; Mansoori, Nina; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY
Cc: Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and

(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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Adherence of the Change of Law Protection Agreement to Approved Obligations

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

Approval Process

Subject to satisfaction of the conditions described under "Adherence Condition", below, the Change of Law Protection Agreement will apply (without duplication) in respect of the following "Specified Claims" (as defined in the Term Sheet) of the applicable financing entity (collectively, the "Approved Obligations"):

1. repayments[1], other than to the extent that funds are available for payment thereof from one or more committed refinancings or from amounts on deposit in a capital account, finance reserve account or supplemental reserve account or from payment proceeds under a related derivative agreement ("Principal Obligations");

2. obligations incurred by the financing entity to pay specified redemption amounts, other than to the extent that funds are available for payment thereof from one or more refinancings or from amounts on deposit in a capital account, finance reserve account or supplemental reserve account or from payment proceeds under a related derivative agreement ("Redemption Obligations");

3. interest payable under outstanding indebtedness of the financing entity, other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account, from a funding rebate[2] or from payment proceeds under a related derivative agreement ("Interest Obligations");

4. derivative payments due and payable by the financing entity, determined on a net payment basis after the application of any collateral posted or available for posting by or on behalf of the financing entity to or for the benefit of the applicable counterparty, other than to the extent that funds are available for payment thereof from a capital account, finance reserve account or supplemental reserve account or from a funding rebate ("Hedging Obligations");

5. other funding costs due and payable by the financing entity and that are not included in 2, 3 or 4, above, other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account or from a funding rebate ("Other Funding Obligations"); and

[1] This assumes that repayments will only include scheduled principal amounts, without regard to default and acceleration.

[2] Incorporate alternative GA stream, as applicable, in relation to all covered amounts – including interest, derivative payments, other funding costs and expenses contemplated in paras. 3 to 6.

6. finance entity expenses, due and payable by the financing entity and that are not included in 2 to 5, above and [other than amounts charged by the Financial Services Manager][3], other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account or from a funding rebate ("Third Party Expense Obligations"),

but excluding in each case payments due and payable by the financing entity in respect of any contingent obligation of the financing entity to the extent that such payments would in the aggregate exceed the maximum amount specified therefor in the applicable governing document.

For greater certainty, the Change of Law Protection Agreement will not apply to any other amount or obligation of the financing entity, including (a) any amounts that are or become payable as a result of the exercise of an option of the financing entity following a Protection Event (e.g., redemption or extension rights), (b) amounts required to be deposited by or on behalf of the financing entity into any capital account, finance reserve account or supplemental reserve account, (c) tax liabilities and (d) contingent payment obligations that exceed the maximum amount therefor specified in the applicable governing document.

Adherence Conditions

The Change of Law Protection Agreement will bind the Province in respect of a funding obligation that is an Approved Obligation if:

1. at the time the funding obligation is incurred, the maximum aggregate payment amounts due or becoming due under the funding obligation, together with all other outstanding or committed Approved Obligations, do not exceed the Program Maximum;

2. OPG delivers a certificate, signed by at least two executive officers of OPG and addressed to the Province, not less than • Toronto business days prior to the incurrence or any amendment of the funding obligation, setting out the following with respect to the funding obligation:

   (a) the following information respecting a funding obligation to be incurred:

      (i) in the case of an incurrence of any related Principal Obligation, material details respecting such Principal Obligation, including the amount, timing and conditions of repayments (including any redemption or extension rights), the basis for OPG's expectations regarding the availability of any related refinancings, any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the Principal Obligation, and the rating (if any) contemplated to be attributed to the Principal Obligation;

[3] Confirm arrangements with OPG.

(ii) in the case of an incurrence of any related Redemption Obligation, material details respecting such Redemption Obligation, including the basis for determining to exercise any right, option or privilege that would result in an obligation to redeem, prepay or pay prior to a scheduled maturity any Approved Obligation, the basis for OPG's expectations regarding the availability of any related refinancings, and any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the Redemption Obligation;

(iii) in the case of an incurrence of any related Interest Obligation, material details respecting such Interest Obligation, including the applicable rate or rates (including default rates) and the timing and any conditions of payments, any required deposits to be made into a finance reserve account or supplemental account or the availability of any funding rebates in order to provide for payment of the Interest Obligation, and the rating (if any) contemplated to be attributed to the Interest Obligation;

(iv) in the case of an incurrence of any related Hedging Obligation, material details respecting such Hedging Obligation, including the counterparty payor(s), the credit ratings (if any) of the payor(s), the anticipated risk or risks to be mitigated by the related derivative agreement, the circumstances in which the Hedging Obligation may not achieve such mitigation or be subject to early termination and whether collateral posting requirements will apply;

(v) in the case of an incurrence of any related Other Funding Obligation and any related Third Party Expense Obligation, material details respecting such obligations, including the payees, the timing and any conditions of payments, and any required deposits to be made into a finance reserve account or supplemental account or the availability of any funding rebates in order to provide for payment of such obligations;

(vi) in the case of any contingent obligation, material details respecting the contingent obligation of the financing entity under the funding obligation, including the nature and extent of any contingent payment, the circumstances in which the payment may arise and the maximum amount specified therefor in the applicable governing document;

(b) if an existing funding obligation is to be amended, material details respecting such amendment and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the funding obligation, including regarding the applicable details set forth in (a), above, as the context requires;

(c) a statement that:

(i) the Principal Obligations, Redemption Obligations, Interest Obligations and Hedging Obligations becoming payable under the funding obligation (1) will

arise under terms and conditions that are "Substantially in the Form" of the Reviewed Documentation applicable thereto; (2) in the opinion of such officers, are reasonably incurred in compliance with the OFHPA, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions;

(ii) the Other Funding Obligations and Third Party Expense Obligations becoming payable under the funding obligation (1) will, in the opinion of such officers, be reasonably incurred in compliance with the OFHPA, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (2) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (3) reflect, in all material respects, arm's length terms and conditions;

(iii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is "Substantially in the Form" of the Reviewed Documentation; and

(d) confirmation that if the funding obligation includes any contingent obligation, the applicable governing document for the funding obligation sets forth a maximum amount therefor; and

3. the Province has not provided written notice to OPG within • Toronto business days of receiving the certificate specified in 2, above, in respect of a proposed funding obligation stating that the Change of Law Protection Agreement shall not apply in respect of the funding obligation.

If the Adherence Conditions are satisfied, it will not be necessary for the Province to specifically approve the particular terms, conditions or documentation for the related funding obligations.

In connection with an incurrence or amendment of a funding obligation, OPG may certify to interested third parties that Adherence Condition 2[4] with respect thereto has been satisfied. Such certification shall be determinative (regardless of any inaccuracies, incompleteness or other defect in the certificate delivered) and may be relied upon by any addressee as conclusive evidence of same.

Reviewed Documentation

OPG will ensure that not less than • Toronto business days prior to the initial issuance of any funding obligation by the financing entity, the Province will have received copies, in substantially final form, of the following documents:

[4] Should this only relate to the certification or also the maximum program and the absence of a negating notice?

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

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

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

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

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

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

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

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

(i) the form of any other agreement or instrument under which a Principal Obligation, a Redemption Obligation, an Interest Obligation, a Hedging Obligation or an Other Funding Obligation may arise or be affected. For example, any other agreement under which the financing entity incurs a material financial obligation or that affects the Province's subrogation rights and subrogee interests must be provided to the Province and, if accepted, become part of the Reviewed Documentation in the future, such as standby liquidity arrangements or credit enhancement agreements;

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

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

If acceptable, the Province will confirm that such reviewed documents shall be the "Reviewed Documentation" for the purposes of Adherence Condition 2(c).

Any proposed changes, additions or supplements to the Reviewed Documentation will be provided to the Province not less than • Toronto business days prior to any proposed use or such documents becoming effective. Such modified, additional or supplemental documentation will only become "Reviewed Documentation" for the purposes of satisfying Adherence Condition 2(c) if the Province confirms same not less than • Toronto business days prior to the delivery and effective time of the certificate contemplated in Adherence Condition 2.

For the purposes of Adherence Condition 2(c), the term "Substantially in the Form" means:

(a) with respect to the Reviewed Documentation referred to in (a) to (j), above, that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the Approved Obligations, including regarding the amount of the payment obligations or the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or interests as a subrogee as a result of performing the Change of Law Protection Agreement with respect to any Approved Obligation;

(b) with respect to the Reviewed Documentation referred to in (e) to (h), above, and possibly (i) and (j) as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of the obligations arising thereunder and as to the timing, conditions and circumstances in which such obligations may arise, but without regard to the particular financial terms, rates, levels and parameters set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation specify specific requirements, limitations or parameters with respect thereto; and

(c) with respect to the Disclosure Document referred to in (k), above, that there are no material differences between the form and substance of the proposed disclosure document and such Disclosure Document and that such proposed disclosure document complies in all material respects with all securities disclosure requirements relating to the Funding Obligation subject to distribution thereunder.

Program Maximum

The Program Maximum will be determined by the Province prior to the initial issuance of the first funding obligation. In determining the Program Maximum, the Province will have regard to (but not be bound by) OPG's forecast of the maximum payment obligations expected to arise under Approved Obligations during the next [12] month period, based on and in accordance with the applicable Financing Plan (the "Forecast"). OPG will be required to deliver the Forecast to the Province not less than • Toronto business days prior to the proposed incurrence of the first funding obligation. The Province will confirm the Program Maximum in writing to OPG and the financing entity.

The Forecast will be updated and delivered to the Province [quarterly] thereafter, or more frequently if OPG so elects, to reflect the maximum payment obligations expected to arise under

Approved Obligations during the [12] month period immediately following the date of such updated Forecast, based on and in accordance with the applicable Financing Plan. Upon receiving an updated Forecast, the Province will determine whether or not the Program Maximum will be revised. Any determination to revise the Program Maximum will be confirmed by setting out a new Program Maximum in a written notice from the Province to OPG, the delivery of which will be conclusive evidence that such new Program Maximum will apply until further so revised.

On-Going Deliveries to the Province

Prior to the initial issuance of any funding obligation by the financing entity, OPG will provide the Province with a copy of the applicable Financing Plan and will promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

Not later than • Toronto business days prior to the use or other dissemination by or on behalf of the financing entity of a disclosure document (including any offering circular, prospectus or other investor disclosure statement) respecting a funding obligation that will constitute an Approved Obligation, OPG will provide the Province with a copy of such disclosure document.

Not later than • Toronto business days prior to the incurrence by the financing entity of a funding obligation that will constitute an Approved Obligation, OPG will provide the Province with a written summary of the final terms and conditions of the proposed funding obligation.

Promptly following any incurrence of a funding obligation that constitutes an Approved Obligation or any amendment of such a funding obligation, OPG will be provide the Province with electronic copies of all related governing and all other closing documents executed by or on behalf of the financing entity in connection with such incurrence or amendment that would affect the financing entity's assets or obligations.

Upon request, OPG will provide the Province with such additional information and documentation as the Province requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

For greater certainty, a failure by OPG to make the foregoing deliveries will not constitute a failure to satisfy the Adherence Conditions.

Covenants of OPG

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

(a) OPG will comply and ensure compliance by any financing entity (including as Financial Services Manager) with the OFHPA, the General Regulation and any other enactment related thereto;

(b) OPG will promptly notify the Province of the creation of any funding obligation that OPG determines is not or would not be an Approved Obligation;

(c) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), OPG will not, without the Province's prior written consent, permit any financing entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected;

(d) if a funding obligation that is incurred includes a contingent obligation, OPG will ensure that the governing document for such funding obligation sets forth a maximum amount in order to limit the possible claim amount thereunder and OPG will ensure that such maximum amount is not increased without the Province's prior written consent; and

(e) OPG will ensure that any disclosure (including in any offering document) that refers to or describes the terms, effect or adherence of the Change of Law Protection Agreement will be subject to the prior review and approval of the Province.

For greater certainty, a failure by OPG to perform such covenants will not constitute a failure to satisfy the Adherence Conditions.

From:	Whitfield, Tobias P. (MOF)
To:	Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Mark Donaldson (MOF); Gavin He; Anis Hirani; John Kim
Cc:	McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); stephen.ashbourne@blakes.com; Malle Hanslep (MOF)
Subject:	FW: Fair Hydro -- Change of Law Assumption Agreement
Date:	Wednesday, September 20, 2017 3:20:13 PM

Please see below an email from OPG's counsel setting out a proposed approval process setting out how the Provincial protection agreement would apply to any set of obligations of the Financing Entity.

We at MOF Legal along with Energy Legal and Stephen Ashbourne are in the process of reviewing their proposal and preparing comments. We will have significant comments and questions about this proposal, but wanted to give everyone a chance to review the OPG proposal so that we can discuss those comments as soon as we are ready to do so.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 19, 2017 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina
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(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies

of the final executed Program Documents.

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
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TORYS LLP[torys.com]

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From: Ken Kandeepan
To: Mike Manning; James Devine; Carlos Yep; Ronald Kwan; John Kim
Cc: John Psinas
Subject: FW: Fair Hydro -- Change of Law Assumption Agreement
Date: Monday, October 23, 2017 4:33:39 PM
Attachments: Change of Law Procedures Agreement - Fair Hydro.DOCX

Hi Mike and others

Not sure if you had an opportunity to review this but I did go through quickly and if you read past all of the legal terms and conditions including the language it seems to set out a reasonable process for the Province's review of debt issues by the Financing Entity to ensure that they fall within the terms and conditions of the Protection Agreement.

Page 5 details what will be provided to us prior to each issuance, maybe we can have a discussion with MOF Legal and Steve Ashbourne.

Thanks

Ken k

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Friday, October 20, 2017 10:23 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; 'Cengarle, John (MOF)' <John.Cengarle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; Emes, Aaron <aemes@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

In the interest of time, we have drafted a procedures agreement incorporating the approval mechanics we circulated below. As noted in previous correspondence, we think the approval process should be the subject of a separate agreement and not included in the Change of Law Protection Agreement you are drafting. Please note that the attached remains subject to the

continuing review of OPG and Torys.

Can you please also let us know when we can expect to see a draft of the Change of Law Protection Agreement?

Many thanks,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: October-18-17 9:53 AM
To: 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos

(OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG,

whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.

- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>;

'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

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From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term

of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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CHANGE OF LAW PROCEDURES AGREEMENT

THIS AGREEMENT made as of the ■ day of ■, 2017.

B E T W E E N:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE ACTING TOGETHER

– and –

ONTARIO POWER GENERATION INC.

RECITALS:

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017*, S.O. 2017, c. 16, Schedule 1 (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the regulations thereunder to record certain amounts in such account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer a specified portion of the Regulatory Asset to the Issuer on a fully-serviced basis and such Transfer shall result in (i) a reduction in the balance in the Fair Hydro Variance Account, (ii) the corresponding adjustment of the Regulatory Asset, and (iii) the acquisition by the Issuer of an Investment Interest corresponding to the specified portion of the Regulatory Asset;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Province has agreed in favour of the Indenture Trustee in the Change of Law Protection Agreement to make regularly scheduled payments on certain of the Funding Obligations and related obligations of the Issuer (the "**Specified Claims**") in certain circumstances;

AND WHEREAS the parties hereto wish to set out the procedures by which the Province provides its approval to the Manager to certify that an incurrence of Specified Claims by the Issuer from time to time is covered under the Change of Law Protection Agreement;

NOW THEREFORE in consideration of one dollar ($1.00) and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties covenant and agree, each with the other, as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Agreement, except where the context otherwise requires, the following terms will have the following meanings:

"**Act**" has the meaning given to that term in the recitals.

"**Agreement**" means this Change of Law Procedures Agreement.

"**Business Day**" means every day except a Saturday or Sunday, or a day which is a statutory or civic holiday in the Province of Ontario.

"**Certification**" means the certification by the Manager described in Section ■[1] of the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the change of law protection agreement dated ■, 2017 between the Province, as obligor, the Indenture Trustee, and the Issuer.

"**Disclosure Document**" means the form of disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of any Funding Obligations.

"**Forecast**" has the meaning attributed to such term in Section 2.2(a).

"**IESO**" means the Independent Electricity System Operator.

"**Indenture**" has the meaning attributed to such term in Section 2.3(a)(iv).

"**Indenture Trustee**" means ■, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of certain specified creditors, or any successor thereto, under the Indenture.

"**Issuer**" means ■, a trust formed under the laws of the Province of Ontario.

"**Manager**" means Ontario Power Generation Inc., in its capacity as manager appointed under the management agreement referenced in Section 2.3(a)(ii) to administer the Investment Interests and perform such other duties assigned to it thereunder.

"**Person**" means any natural person, partnership, limited partnership, limited liability partnership, joint venture, syndicate, sole proprietorship, company or corporation (with or without share capital), limited liability corporation, unlimited liability company, joint stock company, unincorporated association, trust, trustee, executor, administrator or other legal

[1] This will be the section of the Change of Law Protection Agreement which sets out that a Specified Claim will be covered under the Change of Law Protection Agreement if the Manager delivers a certificate, signed by at least two executive officers of the Manager and addressed to one or more third parties (including, without limitation, the Indenture Trustee), confirming that such Specified Claim is covered by the Change of Law Protection Agreement.

personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted and pronouns have a similarly extended meaning.

"**Program Maximum**" means the maximum Canadian dollar amount determined and confirmed in writing in accordance with Section 2.2.

"**Protection Event**" has the meaning attributed to such term in the Change of Law Protection Agreement.

"**Regulatory Asset**" has the meaning attributed to such term in the recitals.

"**Reviewed Documentation**" has the meaning attributed to such term in Section 2.3.

"**Specified Claims**" has the meaning attributed to such term in the recitals.

"**Substantially in the Form**" means:

(i) with respect to the Reviewed Documentation referred to in 2.3(a)(i) to 2.3(a)(xiv), that the covenants of the Issuer are no more onerous in any material respect and there are events of default that are consistent in all material respects, respectively, with the covenants of the Issuer and events of default contained in the Reviewed Documentation; and

(ii) with respect to the Disclosure Document referred to in 2.3(a)(xv), that there are no material differences between the form and substance of the proposed disclosure document and such disclosure document complies in all material respects with all securities disclosure requirements relating to the Funding Obligations subject to distribution thereunder.

(b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Act and the regulations made thereunder or incidental thereto.

1.2 Headings and Table of Contents

The inclusion of headings and a table of contents in this Agreement are for convenience of reference only and will not affect the construction or interpretation hereof.

1.3 Interpretation

In this Agreement, unless the context otherwise requires:

1.3.1 words importing the singular shall include the plural and vice versa, words importing gender shall include all genders or the neuter, and words importing the neuter shall include all genders;

1.3.2 the words "include", "includes", "including", or any variations thereof, when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather

as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

1.3.3 references to any Person include such Person's successors and permitted assigns;

1.3.4 except as otherwise provided in this Agreement, any reference in this Agreement to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all rules and regulations made under such statute, in the case of a statute, all amendments made to such statute, regulation, policy, rule or instrument, and any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;

1.3.5 any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

1.3.6 in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day.

1.4 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.5 Entire Agreement

This Agreement constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement.

1.6 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.7 Governing Law

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

ARTICLE 2
APPROVAL PROCESS

2.1 Approval Process

The Manager is authorized to make a Certification in respect of a specific incurrence of Funding Obligations and other Specified Claims upon the following conditions precedent having been satisfied:

(a) at the time such Funding Obligations are to be incurred, the maximum aggregate payment amounts due or becoming due under such Funding Obligations, together with all other outstanding or committed Specified Claims previously subject to a Certification, do not exceed the Program Maximum in effect at that time; and

(b) The Manager delivers a certificate, signed by at least two of its executive officers and addressed to the Province, not less than **[■]** Business Days prior to the incurrence of such Funding Obligations:

(i) setting out the material terms of such Funding Obligations pertaining to principal amount, pricing and third party fees; and

(ii) confirming that:

(A) the Funding Obligations (1) will arise under terms and conditions that are "Substantially in the Form" of the Reviewed Documentation applicable thereto; (2) in the opinion of such officers, are reasonably incurred in compliance with the Act and the regulations made thereunder, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and

(B) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation.

2.2 Program Maximum

(a) The initial Program Maximum will be determined prior to the initial issuance of Funding Obligations under the Indenture in accordance with this Section 2.2. The Program Maximum will be based on the Manager's forecast of the maximum payment obligations expected to arise under Specified Claims during the next 24 month period, based on and in accordance with the applicable Financing Plan (the "**Forecast**"). The Manager will be required to deliver the Forecast to the Province

not less than **[thirty (30)]** Business Days prior to the proposed incurrence of the initial Funding Obligations under the Indenture. If the Province agrees that the Forecast is consistent with the Financing Plan and the Finance Amounts contemplated thereunder for the applicable Reference Periods are reasonably expected to align with the Fair Allocation Amounts in respect of such Reference Periods, then the Province will confirm in writing to the Manager within **[thirty (30)]** Business Days of receipt of the Forecast that it agrees with the Program Maximum.

(b) The Forecast will be updated and delivered to the Province between nine (9) and twelve (12) months prior to the expiry of the then current Forecast, based on and in accordance with the applicable Financing Plan. Upon receiving an updated Forecast, the Province will confirm that the Forecast is consistent with the Financing Plan and the Finance Amounts contemplated thereunder for the applicable Reference Periods are reasonably expected to align with the Fair Allocation Amounts in respect of such Reference Periods.

(c) If the Province does not agree with the determination of the Program Maximum, then the Province and the Manager will discuss and address any inaccuracies in the Financing Plan to the satisfaction of both parties, and the Program Maximum will be revised within **[thirty (30)]** Business Days of receipt of the Forecast. Any determination to revise the Program Maximum will be confirmed by setting out a new Program Maximum in a written notice from the Province to the Manager, the delivery of which will be conclusive evidence that such new Program Maximum will apply until further so revised.

2.3 Reviewed Documentation

(a) The Manager will ensure that not less than **[■]** Business Days prior to the initial issuance of any Funding Obligations under the Indenture, the Province will have received copies, in substantially final form, of the following documents:

(i) the declaration of trust made as of ■, 2017 under which the Issuer was established;

(ii) the management agreement dated ■, 2017 between the Manager and the Issuer;

(iii) the master transfer and servicing agreement dated ■, 2017 between the Issuer, the IESO and the Indenture Trustee;

(iv) the master trust indenture dated ■, 2017 between the Issuer and the Indenture Trustee (the "**Indenture**");

(v) the Senior Series 2017-1 Supplemental Indenture to the Indenture dated ■, 2017, along with the Senior Series 2017-1 Notes;

(vi) the Subordinated Series 2017-1 Supplemental Indenture to the Indenture dated ■, 2017, along with the Subordinated Series 2017-1 Notes;

(vii) the Senior Series 2017-2 Supplemental Indenture to the Indenture dated ■, 2017, along with the Senior Series 2017-2 Notes;

(viii) the Subordinated Series 2017-2 Supplemental Indenture to the Indenture dated ■, 2017, along with the Subordinated Series 2017-2 Notes;

(ix) the Agency Agreement dated ■, 2017 between ■;

(x) the Subscription Agreement dated ■, 2017 between ■;

(xi) the schedule to an ISDA Master Agreement dated ■, 2017 governing derivative transactions that may be entered into by the Issuer from time to time;

(xii) if applicable, any other agreement or instrument under which a Funding Obligation may arise or be affected;

(xiii) if applicable, any other agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act;

(xiv) the security agreement dated ■, 2017 granted by the IESO to the Issuer; and

(xv) the Preliminary and Final Offering Memorandums of the Issuer together with any related material information.

(b) The Province will confirm within **[■]** Business Days of receipt of the documents referenced in Section 2.3(a) if such reviewed documents shall be the "Reviewed Documentation" for the purposes of this Agreement; provided that the Province agrees that it will not be entitled to provide input on the Reviewed Documentation other than in its capacity as obligor under the Change of Law Protection Agreement.

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

2.4 Termination

This Agreement will continue in full force and effect so long as any Specified Claims remain outstanding and until the Issuer has satisfied all of its obligations under the Reviewed Documentation.

ARTICLE 3
COVENANTS OF MANAGER

3.1 Reporting

Promptly after the issuance of any Funding Obligations by the Issuer (or an amendment or replacement thereof) from time to time, the Manager will provide the Province with:

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

(b) electronic copies of all related closing documents executed by or on behalf of the Issuer in connection with such incurrence, amendment or replacement of such Funding Obligations that would affect the Issuer's assets or obligations (including, for greater certainty, any Disclosure Documents); and

(c) all additional information and documentation as the Province requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

3.2 Other Covenants

(a) The Manager will comply and ensure compliance by the Issuer with the Act and the regulations made thereunder and any other enactment related thereto;

(b) After the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), the Manager will not, without the Province's prior written consent, permit any Issuer to exercise any redemption, pre-payment, early termination right in respect of any Specified Claim or exercise any other election or privilege in respect of any Specified Claim, in each case, if as a result the obligations applicable to the Specified Claim under the Change of Law Protection Agreement would be accelerated; and

(c) The Manager will ensure that any disclosure (including in any Disclosure Document) that refers to or describes the terms, effect or adherence of the Change of Law Protection Agreement and this Agreement will be subject to the prior review and approval of the Province unless that disclosure is substantially in a form previously approved by the Province.

3.3 Validity

For greater certainty, a failure by the Manager to perform the covenants in this Article 3 will not affect the validity of a Certification made under the Change of Law Protection Agreement in accordance with requirements of Section 2.1 of this Agreement.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Province

The Province hereby represents and warrants to the Manager that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any applicable law, and do not and will not constitute (with due notice or lapse of time or both) a breach of or default under any agreement to which the Province is a party or by which it is bound;

(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations thereunder;

(d) no consent, approval or authorization from any Person that has not otherwise been obtained is required to be attained by the Province in order to consummate the transactions contemplated herein; and

(e) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is or, if applicable, will then be a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms, subject to:

(i) limitations with respect to the enforcement of remedies by bankruptcy, insolvency, reorganization, moratorium, winding-up, arrangement, fraudulent preference and conveyance and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(ii) general equitable principles and the fact that the availability of equitable remedies such as specific performance and injunction are not available against the Province and that a court may stay proceedings or the execution of judgments; and

(iii) statutory limitations of general application respecting the enforceability of claims against the Province or its property.

4.2 The Manager

The Manager hereby represents and warrants to the Province that:

(a) the Manager has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Manager of this Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any applicable law, and do not and will not constitute (with due notice

or lapse of time or both) a breach of or default under any agreement to which the Manager is a party or by which it is bound;

(c) all necessary action has been taken by the Manager to authorize the execution and delivery of this Agreement by the Manager and the performance by the Manager of its obligations thereunder;

(d) no consent, approval or authorization from any Person that has not otherwise been obtained is required to be attained by the Province in order to consummate the transactions contemplated herein; and

(e) this Agreement has been duly authorized, executed and delivered on behalf of the Manager and is or, if applicable, will then be a legal, valid and binding obligation of the Manager, enforceable against it in accordance with its terms, subject to:

(i) limitations with respect to the enforcement of remedies by bankruptcy, insolvency, reorganization, moratorium, winding-up, arrangement, fraudulent preference and conveyance and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law); and

(ii) general equitable principles.

ARTICLE 5
GENERAL PROVISIONS

5.1 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 5.1 shall be null and void.

5.2 Enurement

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

5.3 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this section. Notices and other communications will be addressed as follows:

(a) if to the Province:

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7

Attention: Minister of Finance
Facsimile: (416) 325-0374

and

Ministry of Energy
5th Floor
56 Wellesley Street West
Toronto, Ontario M7A 2E7

Attention: Legal Director
Facsimile: (416) 325-1781

(b) if to the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: ■
Facsimile: ■

or to such other addresses as a party may from time to time notify the others in accordance with this Section 5.3.

5.4 Further Assurances

Each of the parties hereto will promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and will use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

5.5 Counterparts; Electronic Delivery

This Agreement may be signed in counterparts and each of such counterparts will constitute an original document and such counterparts, taken together, will constitute one and the same instrument. Delivery of an executed signature page to this Agreement by either party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

ONTARIO POWER GENERATION INC., in its capacity as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

HER MAJESTY THE QUEEN AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

From:	ASHBOURNE, STEPHEN
To:	Ken Kandeepan; Mike Manning; Ronald Kwan; John Kim; Anna Strathy
Cc:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject:	FW: Fair Hydro -- Change of Law Process Agreement
Date:	Thursday, December 07, 2017 2:15:17 PM

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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From: ASHBOURNE, STEPHEN
Sent: Thursday, December 07, 2017 12:18 PM
To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca
Subject: FW: Fair Hydro -- Change of Law Process Agreement

My thoughts on the comments from Osler last night on the Process Agreement are set out in CAPs, below. We can discuss at 2 with the group, or earlier if you'd like to call me – I'm back at my desk. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com';

'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY AND IF THE NEW TERMS WERE THE BEST SCENARIO IN THE CIRCUMSTANCES, THE PROVINCE WOULD NOT OBJECT. AS A FAILSAFE, OPG COULD OFFER SIGNIFICANTLY INCREASED PRICING IN ORDER TO ATTRACT INVESTORS.]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a

beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT MEANS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE RIGHT TO SEE AND CONSIDER THOSE NEW TERMS. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL HAS EXPLAINED LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS THE CONCERN (THAT THE PROVINCE AND OPG WOULD CREATE A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE SUGGEST ADDING A DEFFINTION OF "Approved Refinancing" TO SAY SOMETHING LIKE "means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement would then be revised to refer to "Approved Refinancing".

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco

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Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
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****

From:	Ronald Kwan
To:	John Kim
Subject:	FW: Fair Hydro -- Master Trust Indenture and Warehouse Supplemental Indenture
Date:	Wednesday, November 08, 2017 6:11:31 PM
Attachments:	Master Trust Indenture (November 7th Rating Agency Draft).DOCX Blackline - MTI.pdf MTSA (November 7th Rating Agency Draft).DOCX Blackline - MTSA.pdf IESO Security Agreement (November 7th Rating Agency Draft).DOCX Warehouse Supplement - Nov 6, 2017 (Osler).docx

Hi John,

Just noticed that you were not cc'ed.

Ron

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: November-08-17 09:52
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: FW: Fair Hydro -- Master Trust Indenture and Warehouse Supplemental Indenture

Hi,

Here are updated versions of these documents.

We haven't heard anything on the protection agreement and process agreement.

Thanks,

Malle

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: November 8, 2017 9:42 AM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); STEPHEN.ASHBOURNE@blakes.com
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: RE: Fair Hydro -- Master Trust Indenture and Warehouse Supplemental Indenture

Hi all,

Please find attached the latest drafts of the master trust indenture, master transfer and servicing agreement, IESO security agreement and warehouse supplemental indenture. These drafts remain subject to continuing review by OPG and the dealers.

Please let me know if you would like any blacklines in addition to the attached.

Thanks,
Brett

Brett Saulnier

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Draft Date: November 7, 2017

FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF [■], 2017

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This **TRUST INDENTURE**, between **COMPUTERSHARE TRUST COMPANY OF CANADA** in its capacity as trustee of **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee[1] (the "**Indenture Trustee**"), is made and entered into as of [■], 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Issuer Funding Obligations in one or more Classes, Series or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards as published by the International Accounting Standards Board, or any successor accounting standards board) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada at the date of such computation;

(c) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

[1] This draft does not reflect any comments from the Indenture Trustee.

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(h) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the authentication of Notes of such Series or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, resolution, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Class, Series or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. In addition, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Noteholders duly called and held in accordance with the provisions

of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may be proved in any manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent

list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than 6 months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than six months days after such record date.

1.05 Actions of Other Specified Creditors

Any Action provided by this Indenture to be given or taken by any Specified Creditor (other than Noteholders) may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Specified Creditor in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

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

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

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

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) each Issuer Account (including all Sub-Accounts of each Issuer Account);

(iii) all Eligible Investments and all investment property, money and other property held in the Issuer Accounts (including any Sub-Accounts of each Issuer Account);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act and all regulations promulgated thereunder;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified

Creditors and the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) created by this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, the IESO Security Agreement, any Derivative Agreement, any Credit Enhancement Agreement, any Liquidity Agreement and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law fully to preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits To Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral

(including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution of Debtholders of Controlling Class Obligations.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Notes or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Class, Series or Tranche of Funding Obligations as to which it seeks to discharge this Indenture or, if for any other purpose, all sums

so held in trust by the Issuer in respect of all Notes, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Funding Obligations (except as to any surviving rights of transfer or exchange of Notes of that Class, Series or Tranche expressly provided for herein or in any form of Note for that Class, Series or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Class, Series or Tranche, when:

(i) all Notes of that Class, Series or Tranche theretofore outstanding (other than (A) Notes of that Class, Series or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.05(b), and (B) Funding Obligations of that Class, Series or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.05(b)) have been delivered to the Indenture Trustee for cancellation or been cancelled;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section 9.05) by the Issuer with respect to the Funding Obligations of that Class, Series or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Notes of that Class, Series or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Notes, the obligations of the Issuer to the Indenture Trustee with respect to that Class, Series or Tranche of Notes under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.12 and 16.05(b) will survive such satisfaction and discharge.

2.09 Release of all Collateral

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the

provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of this Article II and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Class, Series or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Class, Series or Tranche designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee,

By: _____

Authorized Signatory

Dated: _____

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes that the Notes of a particular Class, Series or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Due Date of such Notes) of the Outstanding Notes of such Class, Series or Tranche to be represented by such Global Note or Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Notes or its nominee, (iii) will be delivered by the Indenture Trustee or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful since the

registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable. **[NTD: Indenture Trustee to review forms of legends.]**

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Class, Series or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or ceases to be a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Class, Series or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Class, Series or Tranche

of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Notes representing such Class, Series or Tranche or portion thereof in exchange for such Global Note or Notes.

(iii) If any Event of Default has occurred and is continuing and Noteholders holding more than 50% of the unpaid Outstanding Dollar Principal Amount of the Global Notes of all Series advise the Indenture Trustee and the Depository that Global Notes are no longer in the best interest of the Noteholders, the holders of Global Notes may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 Temporary Global Notes and Permanent Global Notes

(a) If specified in the Related Supplemental Indenture for any Series, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such Series, so advise the Indenture Trustee, the Issuer, the Foreign Depository, and each foreign clearing agency forthwith. Without unnecessary delay, but in any event not

prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee at the office of its designated agent outside Canada and the United States Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside Canada or the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of such certification, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a foreign clearing agency or Foreign Depository.

(c) The delivery to the Indenture Trustee by a foreign clearing agency or Foreign Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such foreign clearing agency or Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable Depository and the Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the Depository and the Depository's participants. Unless and until Notes in definitive form are issued pursuant to Section 3.04, the Depository will make book-entry transfers among the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such Depository's participants in accordance with the Depository's applicable procedures from time to time.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Outstanding Notes, such direction or consent may be given by Note Owners (acting through the Depository and the Depository's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes in accordance with the applicable procedures of the Depository.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable clearing agency or Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes of any Class may be issued in one or more Series or Tranches up to an aggregate Stated Principal Amount of Notes as from time to time may be authorized by the Issuer.

(c) The Classes of Notes are as set forth in this Indenture. Each Note issued must be part of a Class and Series of Notes for purposes of allocations pursuant to this Indenture, the Related Supplemental Indenture and the Master Transfer and Servicing Agreement. A Series of Notes is created pursuant to a Supplemental Indenture. A Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Series of Notes belong to different Tranches, all Notes of such Series, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Series of Notes.

(e) Each Series of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Series of a Class will belong to different Tranches if they have different terms and conditions. With respect to any Series of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) Before the initial issuance of Notes of each Series or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) The Class in respect of such Series;

(ii) the Series designation;

(iii) the Stated Principal Amount of the Notes;

(iv) whether such Notes are of a particular Tranche of Notes;

(v) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(vi) the price or prices at which such Series or Tranche of Notes will be issued;

(vii) the times at which such Series or Tranche of Notes may, pursuant to any optional or mandatory redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(viii) the rate per annum at which such Series or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) each Payment Date, the Principal Payment Due Date and the Principal Payment Default Date for such Series or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series or Tranche of Notes;

(xiii) whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

(xiv) any Events of Default with respect to such Series or Tranche of Notes, if not set forth herein and any additions, deletions or other changes to the Events of Default set forth herein that will be applicable to such Series or Tranche of Notes (including a provision making any Event of Default set forth herein inapplicable to the Notes of that Series or Tranche);

(xv) if such Series or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) if such Series or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series or Tranche of Notes are to be issued with or without coupons or both;

(xvii) **[if such Series or Tranche of Notes are to have the benefit of any Derivative Agreement, the terms and provisions of such agreement;]**

(xviii) if such Series or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xix) the Record Date for any Payment Date of such Series or Tranche of Notes, if different from the last day of the month before the related Payment Date;

(xx) whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche; and

(xxi) any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) The Notes of each Class, Series or Tranche will be distinguished from the Notes of each other Class, Series or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) Any terms or provisions in respect of the Notes of any Class, Series or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series or Tranche, the Registered Notes of that Series or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series or Tranche, the Bearer Notes of that Series or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes.

(b) If temporary Notes of any Series or Tranche are issued, the Issuer will cause definitive Notes of such Series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series or Tranche will be exchangeable for definitive Notes of such Series or Tranche upon surrender of the temporary Notes of such Series or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series or Tranche of authorized denominations and of like tenor and terms. Until so exchanged the temporary Notes of such Series or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of

Registered Notes of a particular Class, Series or Tranche, and for transfers of Registered Notes or of Registered Notes of such Class, Series or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Class, Series or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Class, Series or Tranche may be exchanged for other Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Class, Series and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside Canada and the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note, so surrendered after the close of business on the last day of the month preceding the relevant Payment Date need not have attached the coupon relating to such Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside Canada and the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Class, Series or Tranche during a period beginning at the opening of business 15 days before the day of selection of Notes of such Class, Series or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Class, Series or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Class, Series or Tranche so selected for redemption or (B) if Notes of the Class, Series or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Class, Series or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Class, Series or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Class, Series or Tranche, Principal Payment Due Date, Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Class, Series or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon).

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) In the case of the death of one or more joint registered owners, the principal money of and interest, if any, on a Note may be paid to the survivor or survivors of such registered Noteholders whose receipt thereof, accompanied by the delivery of such Note, shall constitute a valid discharge to the Issuer and the Paying Agent.

(f) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(g) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so)

to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Cancellation

All Notes surrendered for payment, redemption, repurchase, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and, if not already canceled, will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.08, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

4.09 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.10 New Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Series or Tranche of a Class of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Series or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Series or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Series or Tranche of

Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes.

(b) When issued, the additional Notes of a Series or Tranche will be identical in all respects to the other Outstanding Notes of that Series or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Series or Tranche without preference, priority or distinction; provided, however, that if such additional Notes are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.11 Redemption

[NTD: redemption mechanics to be included.]

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of Issuer Funding Obligations, the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of the incurrence of such new Issuer Funding Obligation;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of the new Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement(s) in accordance with Section 5.04;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) after giving effect to the incurrence of such Issuer Funding Obligation, the estimated Finance Amount that would become due and payable during the applicable Reference Period is reasonably expected to align with the Fair Allocation Amount determined in respect of such Reference Period; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition shall have been satisfied with respect to the incurrence of such Issuer Funding Obligation;

(e) the Issuer delivers to the Indenture Trustee copies of the Related Funding Obligation Agreement(s), including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Series or Tranche of Notes;

(f) each creditor for such Issuer Funding Obligation (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details;

(g) the Change of Law Protection Agreement shall be in full force and effect against the Province or has been replaced with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations pursuant to an Ordinary Resolution;

(h) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall be satisfied;

(i) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(j) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code),

then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(k) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

5.02 No Consent

Except as otherwise provided in any Funding Obligation Agreement, the Issuer and the Indenture Trustee will not be required to provide prior notice to or obtain the consent of any Debtholder to incur any additional Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee a copy of the applicable agreement; and

(b) each counterparty to such agreement (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details.

5.04 Acknowledgements

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Sections 5.01 and 5.03 have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 7.04; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding

Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account."

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Interest Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.

(c) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Principal Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer

period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined under, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Program Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.

(e) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(f) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible

Deposit Account (a "**Series Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Payments of Available Collections out of the Collection Account shall be credited to a Series Capital Reserve Account, to the extent that there is a requirement for funds in such Series Capital Reserve Account, in accordance with the terms of the applicable Funding Obligation Agreement and Section 7.04. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Series Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Series Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Capital Reserve Account. From the date each such new Series Capital Reserve Account is established, it shall be a "Series Capital Reserve Account." Each Series Capital Reserve Account shall be a "capital account" under, and as defined under, the Fair Hydro Act Regulations.

(g) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A Series Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for a Series of Issuer Funding Obligations. Payments of Available Collections out of the Collection Account shall be credited to a Series Finance Reserve Account, to the extent that there is a requirement for funds in such Series Finance Reserve Account, in accordance with the terms of the applicable Funding Obligation Agreement and Section 7.04. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Series Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Series Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Finance Reserve Account. From the date each such

new Series Finance Reserve Account is established, it shall be a "Series Finance Reserve Account." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined under, the Fair Hydro Act Regulations.

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Notwithstanding the foregoing, funds held by the Indenture Trustee in any of the Issuer Accounts will be invested in Eligible Investments that will mature so that a sufficient amount of such funds shall be available to the extent required to pay all Obligations Secured that are payable on the following Payment Date.

(b) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(c) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(d) Subject to Section 8.13, on the applicable Payment Date, all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Issuer Accounts will be applied as specified in Sections 7.05 to 7.10.

(e) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any insufficiency in such Issuer Accounts resulting from any loss on any Eligible Investment included therein.

(f) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided,

however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in the Collection Account

(a) All Senior Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, (iii) the Principal Payment Default Date of the Senior Funding Obligations of such Series or Tranche, or (iv) the Principal Accumulation Date of such Series or Tranche, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, (iii) the Principal Payment Default Date of the Subordinated Funding Obligations of such Series or Tranche, or (iv) the Principal Accumulation Date of such Series or Tranche, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series or Tranche under this Indenture will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date of such Series or Tranche, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) If any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Section 8.13.

(e) Subject to Section 8.13, on each Payment Date, any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(ii) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[2] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

(iii) Third, on a *pro rata* basis (A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) Fourth, on a *pro rata* basis (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(v) Fifth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations,

(vi) Sixth, to deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Senior);

(vii) Seventh, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to

[2] To be confirmed.

Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(viii) Eighth, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;

(ix) Ninth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(x) Tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date,

(xi) Eleventh, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Subordinated Funding Obligations;

(xii) Twelfth, to deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Subordinated);

(xiii) Thirteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement related solely to Subordinated Funding Obligations;

(xiv) Fourteenth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,

(xv) Fifteenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,

(xvi) Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;

(xvii) Seventeenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Accounts or Series Finance Reserve Accounts as required by any Related Funding Obligation Agreement related solely to Junior Subordinated Funding Obligations;

(xviii) Eighteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) Nineteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust, provided that such amount shall at no time be less than $100 in any Monthly Period;

(xx) Twentieth, on a *pro rata* basis (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (i); and then (B) to other service providers (other than the Manager), in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(xxi) Twenty-First, any amounts remaining: (i) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (ii) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

7.05 Allocation of Amounts on Deposit in Interest Accumulation Account

Subject to Sections 7.07 and 8.13, on each Interest Payment Date, any amount on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Interest Payment Date:

(a) Firstly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(b) Secondly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment (x) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date, and (y) the amount on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of the Interest Payment Date;

(c) Thirdly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment (x) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and (y) the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation

Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Interest Payment Date; and

(d) Fourthly, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full including all interest thereon any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

Subject to Section 8.13, on each Principal Payment Date, any amount on deposit in the Principal Accumulation Account and any amounts transferred pursuant to Section 7.07 will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Principal Payment Date:

(a) Firstly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date;

(b) Secondly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this Section 7.06(b) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date;

(c) Thirdly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this Section 7.06(b) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date; and

(d) Fourthly, any amounts remaining: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the succeeding Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Transfers from Interest Accumulation Account to Principal Accumulation Account

(a) If on any Principal Payment Date, the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations and Subordinated Funding Obligations payable on such Principal Payment Date (the deficiency being a "**Subordinated/Senior Principal Shortfall**"), an amount equal to the lesser of:

(i) the Subordinated/Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and Subordinate Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

(b) If on any Principal Payment Date after making any transfer contemplated by subsection 7.07(a), the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date (the deficiency being a "**Senior Principal Shortfall**"), an amount equal to the lesser of:

(i) the Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Interest Payment Date, amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) Firstly, to the extent that the amount on deposit in the Interest Accumulation Account is less than the amount of interest due and payable on the Senior Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Senior Funding Obligations on such Interest Payment Date,

(ii) Secondly, to the extent that the amount available from the Interest Accumulation Account under Section 7.05(b) is less than the amount of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior), and

(iii) Thirdly, to the extent that the amount available from the Interest Accumulation Account under Section 7.05(c) is less than the amount of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).

(b) On each Principal Payment Date (and if the Principal Payment Date is also an Interest Payment Date, after making the applications provided for in subsection 7.08(a) and Section 7.07), amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) Firstly, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Senior Funding Obligations on such Principal Payment Date;

(ii) Secondly, to the extent that the amount available from the Principal Accumulation Account under Section 7.06(b) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior), and

(iii) Thirdly, to the extent that the amount available from the Principal Accumulation Account under Section 7.06(c) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall

be applied to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b): (i) to be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e); provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Refinancing

(a) Not less than [30] days prior the first day of the Reference Period that includes the Principal Accumulation Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) On completion of a Refinancing all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) The amount on deposit in the Refinancing Account; and

(ii) The Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e); provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts remaining in the Refinancing Account shall be applied in accordance with Section 8.13.

7.10 Allocation of Amounts on Deposit in the Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to Specified Creditors in accordance with the terms of the Related Funding Obligations Agreement.

7.11 Payments to be Held in Trust

If, notwithstanding Sections 7.04 and 8.13, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.12 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to Section 7.01 or Section 7.03 and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default

[NTD: to be determined if certain events of default should be triggered on a series by series basis.]

"**Event of Default**," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of [5] days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) an Insolvency Event in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province and if the Province does not, within 10 days of receipt of notice of such agreement not being in full force and effect, cause such agreement to be in full force and effect or replace such agreement with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations, acting reasonably, pursuant to an Ordinary Resolution;

(g) the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province; or

(h) any additional event of default specified in a Funding Obligation Agreement in respect of Controlling Class Obligations.

For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute an Event of Default.

8.02 Acceleration of Maturity; Rescission and Annulment

[NTD: to be determined if acceleration should be determined on a series by series basis.]

(a) If an Event of Default (other than an Event of Default described in clause (e), (f) or (g) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Debtholders holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Debtholders), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e), (f) or (g) of Section 8.01 occurs and is continuing, then all Series of Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Debtholders of Controlling Class Obligations may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its

agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent default or impair any right consequent thereon.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Debtholders of Controlling Class Obligations may, by Ordinary Resolution, waive any past default hereunder and its consequences. Upon any such waiver, such default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Event of Default of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such default;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such default in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification thereof to the other Debtholders and all other Specified Creditors; and

(iv) the Indenture Trustee will give prompt written notification thereof to the Rating Agencies, unless such default will have been cured or waived;

provided, however, that, except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligations, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of the Specified Creditors.

(b) When such notice of an occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to Section 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Event of Default has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d), and Section 8.03, if, with respect to any Controlling Class Obligations, such Controlling Class Obligation has become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligation, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Issuer Funding Obligations when such interest becomes due and payable and such default continues for a period of 65 days following the date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Issuer Funding Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and

upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Specified Creditors allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

Nothing herein contained will be deemed to authorize the Indenture Trustee to authorize or consent to or accept or adopt on behalf of any Specified Creditor any plan of reorganization, arrangement, adjustment or composition affecting the Issuer Funding Obligations or the rights of

any Specified Creditors, or to authorize the Indenture Trustee to vote in respect of the claim of any Specified Creditor in any such proceeding.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Class, Series or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Class, Series or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution of Debtholders of Controlling Class Obligations to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Debtholders

Subject to Section 10.02(b), Debtholders of Controlling Class Obligations will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(a) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Debtholders of Controlling Class Obligations not taking part in such direction; and

(b) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Debtholder has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Debtholders of Controlling Class Obligations, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Debtholders of Controlling Class Obligations have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[3] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

[3] To be confirmed.

(c) Third, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations in respect of Warehouse Facility Agreements;

(d) Fourth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations in respect of Warehouse Facility Agreements until such amount has been paid in full;][4]

(e) Fifth, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(f) Sixth, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(g) Seventh, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;

(h) Eighth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(k) Eleventh, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(l) Twelfth, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(m) Thirteenth, (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity

[4] Subject to ongoing discussion.

amounts owing and not previously paid pursuant to clause (a); and then (B) to other service providers (other than the Manager), in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in a Series Account established solely for the benefit of one or more Series of Issuer Funding Obligations shall first be used to satisfy all obligations owing to those Specified Creditors for whom such Series Account was established. If any amounts remain following such application, such amounts shall be applied in accordance with the priorities set out above.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Specified Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this

Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

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

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Specified Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Specified Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Specified Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Specified Creditors as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer of the Indenture Trustee, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Specified Creditors pursuant to this Indenture, unless such Specified Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default or Event of Default) unless a Responsible Officer of the Indenture Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon the Payment Instruction and the Indenture Trustee will have no obligation to calculate any amount due or owing or to be allocated as provided in this Indenture, including interest or principal for any Issuer Funding Obligations;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation (or, for so long as BNY Trust Company of Canada is the Indenture Trustee, such amount as has been mutually agreed upon in writing) for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Debtholders of Controlling Class Obligations delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Debtholder of Controlling Class Obligations, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) subject to Article XI, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after

such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Debtholders of Controlling Class Obligations delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Debtholders of Controlling Class Obligations and accepted in the manner hereinafter provided, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 <u>Acceptance of Appointment by Successor</u>

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will, upon payment of its reasonable charges, if any, execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any relevant jurisdiction, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any

particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

9.14 Preservation of Information; Communications to Debtholders

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in Section 13.13 and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee may destroy any list furnished to it as provided in Section 13.13 upon receipt of a new list so furnished. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors received by the Indenture Trustee pursuant to subsections 5.01(f) and 5.03(b).

(b) If three or more Debtholders of any Class, Series or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee, and furnish to the Indenture Trustee reasonable proof that each such applicant has owned an Issuer Funding Obligation of such Class, Series or Tranche for a period of at least six (6) months preceding the date of such application, and such application states that the applicants desire to communicate with all Debtholders (or such subset thereof as will be specified) with respect to their rights under this Indenture or under the applicable Issuer Funding Obligations and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, at its election, either:

(i) afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), or

(ii) inform such applicants as to the approximate number of Debtholders of all Issuer Funding Obligations (or such subset thereof as will be specified), as the case may be, whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a) and as to the approximate cost of mailing to such Debtholders the form of proxy or other communication, if any, specified in such application.

If the Indenture Trustee shall elect not to afford such applicants access to such information, the Indenture Trustee shall, upon the written request of such applicants, mail to each applicable Lender and to each holder of a Registered Note of the applicable Classes, Series and Tranches whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Indenture Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless, within five days after such tender, the Indenture Trustee shall mail to such applicants, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Indenture Trustee, such mailing would be contrary to the best interests of the Debtholders for which such mailing is intended or would be in violation of applicable law. Such written statement will specify the basis of such opinion.

(c) Every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived, and that the Indenture Trustee will not be held accountable by reason of mailing any material pursuant to a request made under subsection 9.14(b).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement and will report the amounts of such distributions to the Indenture Trustee. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall provide to the Issuer and the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest

owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Class, Series or Tranche, of all Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular Class, Series or Tranche, of all Issuer Funding Obligations, **[of Controlling Class Obligations of a Series]** or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"), as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of that Debtholder Group, convene a meeting of the Debtholders of that Debtholder Group. If the Indenture Trustee fails to convene a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting

and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the applicable Debtholder Group to which such meeting relates and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of a Debtholders Group, subject as herein provided, a quorum shall consist of two or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Issuer Funding Obligations of the applicable Debtholder Group entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than 7 days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Debtholder Group then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the Debtholder Group. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of

which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of the applicable Debtholder Group. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) In addition to any powers hereinbefore given, Debtholders of a Class, Series or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Class, Series or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Class, Series or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Class, Series or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Class, Series or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Class, Series or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be

necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Class, Series or Tranche of Issuer Funding Obligations.

(b) In addition to any powers hereinbefore given, Debtholders of the Controlling Class Obligations shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Debtholders of Controlling Class Obligations;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Specified Creditors and, in addition to any claim or debt provided or made for its own

account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Debtholders of Controlling Class Obligations, such of the powers of such Debtholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution; and

(x) permit the creation of any Lien on the Collateral that is prior to the Security Interest.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture. The Issuer shall give the Rating Agency notice of any Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective

heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Debtholder Group which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution of the Debtholders of Controlling Class Obligations.

10.04 Declaration by Chairman of Result of Vote

At any meeting of the Debtholders of any Debtholder Group in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Debtholders holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(j) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(k) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(l) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture

Trustee, without the consent of any Specified Creditor, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

The Issuer shall send a copy of any amendment to this Indenture or any Supplemental Indenture to each Rating Agency.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with prior notice to each Rating Agency and the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby:

(a) change the scheduled payment date of any payment of interest on any Issuer Funding Obligation, or change a Principal Payment Due Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution will approve the substance thereof.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations

affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Class, Series or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all material licences, permits and approvals from all Governmental Authorities required in respect of its business.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in

effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in

connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Class, Series or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds

The Issuer will use the proceeds of Notes and Borrowings solely for: (a) the acquisition by the Issuer of an Investment Interest; (b) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (c) the funding of Issuer Accounts; and (d) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Classes, Series or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Class, Series or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency. Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee, as its Paying Agent in Toronto, Ontario with respect to all Series, Classes and Tranches of Notes having a Place of Payment in the City of Toronto, Ontario.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer

for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year and that no Event of Default has occurred (without regard to any grace period or requirement of notice), or, if there has been a material default in the fulfillment of any such condition or covenant or an Event of Default has occurred (without regard to any grace period or requirement of notice), specifying each such default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instruction

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee).

13.12 Notice of Events of Default

The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, (iii) each breach on the part of the Manager of its obligations under the Management Agreement, and (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of such Classes, Series or Tranches as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 30 days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list of the names and addresses of all other Specified Creditors.

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least 5 Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute

and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Class, Series or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Class, Series or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) The Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Funding Obligation Agreements (other than this Indenture and Derivative Agreements) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor, except as expressly permitted

by such Specified Creditor, and unless the Rating Agency Condition is satisfied; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement unless the Rating Agency Condition is satisfied.

(b) The Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made with the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted or in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust. The Issuer Trustee is permitted to make or cause to be made payments to the Indenture Trustee pursuant to Sections 9.05 and 13.26.

13.24 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and pursuant to the Program Agreements.

13.25 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.26 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with its own funds or with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the

Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day

receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as
Issuer Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: [■]
Fax: (416) [■]
Email: [■]

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Attention: Corporate Trust Services
Fax: (416) 360-1711

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination

outside of Canada by airmail, postage prepaid in each case, or sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Class, Series or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series or Tranche of Notes, the Related Supplemental Indenture may specify different or additional means of giving notice to the Noteholders of such Series or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to (i) a Lender will be given in accordance with the relevant Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement; (ii) the Manager will be given in accordance with the Management Agreement; (iii) a Derivative Counterparty will be given in accordance with the relevant Derivative Agreement; and (iv) any other Specified Creditor will be given in accordance with the relevant Program Agreement.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in Section 7.04 and 8.13, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.02.

16.04 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Payment Date on which the Noteholders of any Class, Series or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Class, Series or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Class, Series or Tranche specifying (i) the date upon which final payment of such Class, Series or Tranche will be made upon presentation and surrender of Notes of such Class, Series or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Class, Series or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Series Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within 6 months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). If within one year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for 2 years. After payment to the Issuer, Noteholders entitled to the

money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee and not in its individual capacity

By: _____

Name:
Title:

Schedule A
DEFINED TERMS

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

"**Action**" has the meaning specified in Section 1.04.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the Security Interest and the rights and remedies of the Indenture Trustee in respect thereof.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Class, Series or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period: (a) the Servicer CEA Collections paid to the Issuer in accordance with Section **[3.3]** of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in any Issuer Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; (b) the IESO Carrying Cost Payments; and (c) amounts received by the Issuer pursuant to Derivative Agreements.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated [■], 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" or "**Class of Issuer Funding Obligations**" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations **[and the Derivative Funding Obligations]**, each of which shall be a class of Issuer Funding Obligations.

"**Closing Date**", with respect to any Series of Issuer Funding Obligations, has the meaning specified in the Related Funding Obligation Agreement.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Obligations** means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; then (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full; and finally (d) if all Issuer Funding Obligations have been paid in full, all other Obligations Secured.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at One York Street, 6th Floor, Toronto, Ontario M5J 0B6, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Obligations Secured, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of Obligations Secured, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of Obligations Secured.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning specified in subsection 10.01(a)

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Issuer was established.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Deferred Principal Accumulation Amount**" means, on any Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional or mandatory redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Due Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means, in relation to any Issuer Account, an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of A (high) or better by DBRS, or (y) a certificate of deposit rating or short-term credit rating of R-1 (middle) or better by DBRS, (ii) which has (x) either (1) a long-term unsecured debt rating of A or better by S&P and (2) a short-term debt rating of A-1 or better by S&P, (y) a long-term unsecured debt rating of A+ or better by S&P and no short-term rating by S&P, or (z) a short-term debt rating of A-1 or better by S&P and no long-term unsecured debt rating by S&P, and (iii) whose deposits are insured by Canada Deposit Insurance Corporation, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's and, if DBRS provides a rating

thereon, by DBRS, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of the Servicer), which at the time of purchase is rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's, S&P and DBRS, if rated by DBRS;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A1" from Moody's and also has a long-term unsecured debt rating of at least "A" from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to

3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; and (3) no securities or investments described in clauses (b) through (d) above that have maturities of more than 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Class, Series or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Debtholders of not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of Debtholders of all Controlling Class Obligations duly convened and held in accordance with the provisions of this Indenture.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Indenture.

"**Fair Hydro Regulations**" means the regulations made under the Act including Ontario regulations 206/17 and 195/17

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Indenture.

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Indenture.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Act and the regulations promulgated thereunder.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer pursuant to the Act and the regulations promulgated thereunder.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Series or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Class, Series or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Class, Series or Tranche plus the aggregate initial principal amount of any additional Notes of such Class, Series or Tranche, and (b) with

respect to a Class, Series or Tranche of Discount Notes that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(xiii) plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(a).

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(iii)(A).

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(viii) plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(b).

"**Interest Accumulation Account**" has the meaning specified in subsection 7.02(b).

"**Interest Payment Date**" means each Business Day which is an "Interest Payment Date" in respect of any Funding Obligation Agreement in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Program Accounts and the Series Accounts and including any Sub-Accounts thereof.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Issuer.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Issuer and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Monthly Period**" means, with respect to each Payment Date, unless otherwise provided in a Funding Obligation Agreement, the period from and including the first day of each calendar month and to and including the last day of such calendar month; provided, however, that the initial Monthly Period with respect to any Series of Issuer Funding Obligations will commence on the Closing Date with respect to such Series.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Class, Series or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.08, or canceled by the Issuer and delivered to the Indenture Trustee pursuant to Section 4.08;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given if

required pursuant to this Indenture or the Related Supplemental Indenture, or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, Senior Notes beneficially owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be disregarded and deemed not to be Outstanding. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Senior Notes which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be so disregarded. Senior Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, OPG or any Affiliate of the Issuer or OPG.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Series or Tranche at such time, less the amount of any payments of principal to the holders of such Series of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes due to the issuance of additional Notes of such Series.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Class, Series or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Class, Series or Tranche at such time, less the amount of any payments of principal to the holders of such Class, Series or Tranche of Notes or the applicable Derivative Counterparty pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series or Tranche or the applicable Derivative Counterparty, each pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Class, Series or Tranche of Notes due to the issuance of additional Notes of such Class, Series or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings under the Liquidity Agreements and the Loan Agreements.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in Section 13.03.

"**Payment Date**" means the 15th day of each calendar month.

"**Payment Instruction**" means, with respect to any Series of Issuer Funding Obligations, the instructions of the Manager substantially in the form of Exhibit 1.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;

(c) the Security Interest; and

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Class, Series or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Class, Series or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Predecessor Notes**" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Note will be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"**Principal Accumulation Account**" has the meaning specified in subsection 7.02(c).

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Funding Obligation Agreement in respect of such Series plus any amounts specified in the Funding Obligation Agreement in respect of such Series in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; *provided* that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"**Principal Accumulation Amount (Junior Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Senior)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each Business Day which is a "Principal Payment Date" under a Funding Obligation Agreement in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"**Principal Payment Due Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account and the Refinancing Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning specified in subsection 7.02(g).

"**Program Cash Reserve Balance**" means, at any time, the amount on deposit in the Program Cash Reserve Account.

"**Program Cash Reserve Required Amount (Junior Subordinated)**" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.

"**Program Cash Reserve Required Amount (Senior)**" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Senior Funding Obligations after giving effect to all settlements on such Payment Date.

"**Program Cash Reserve Required Amount (Subordinated)**" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.

"**Program Cash Reserve Required Amount (Total)**" means, on any Payment Date, an amount equal to the sum of the Program Cash Reserve Required Amount (Senior), the Program Cash Reserve Required Amount (Subordinated) and the Program Cash Reserve Required Amount (Junior Subordinated).

"**Program Cash Reserve Required Deposit Amount (Junior Subordinated)**" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Total) exceeds the Program Cash Reserve Balance.

"**Program Cash Reserve Required Deposit Amount (Senior)**" means, on any Payment Date, the amount by which the Program Cash Reserve Required Amount (Senior) exceeds the Program Cash Reserve Balance.

"**Program Cash Reserve Required Deposit Amount (Subordinated)**" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Senior) plus the Program Cash Reserve Required Amount (Subordinated) exceeds the Program Cash Reserve Balance.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Outstanding Class, Series or Tranche of Notes, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Supplemental Indenture, selected by the Manager to rate such Notes.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Supplemental Indenture for any Series or Tranche of Notes, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Supplemental Indenture with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies (i) shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to any

Outstanding Notes immediately before the taking of such action, **[or (ii) in the case of S&P, or any successor thereto, when it is a Rating Agency, such Rating Agency shall have informed the Issuer in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Outstanding Notes immediately before the taking of such action]**, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Notes or other Notes in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture, any Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Payment Date, the last day of the calendar month immediately preceding such Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(b).

"**Refinancing Notice**" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreements": the Funding Obligation Agreements entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Series or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any director or officer of the Manager; (b) the Servicer, any director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereof.

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Principal Shortfall**" has the meaning specified in subsection 7.07(b).

"**Senior Notes**" means Notes of a Series that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any Class of Issuer Funding Obligation, the Series of the Class specified in the Related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Account.

"**Series Finance Reserve Account**" has the meaning specified in subsection 7.02(g).

"**Series Capital Account**" has the meaning specified in subsection 7.02(f).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section **[7.1]** of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, Derivative Counterparties, Credit Enhancers, counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, and other Persons in respect of Obligations Secured, in each case, to the extent of their claims related to Program Agreements.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated/Senior Principal Shortfall**" has the meaning specified in subsection 7.07(a).

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Tranches of Notes belonging

to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"**Tax**" has the meaning ascribed to the term "tax" in the regulations promulgated under the Act as of the date of this Indenture.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" means all amounts payable upon early termination of any Derivative Agreement calculated in accordance with the terms of such Derivative Agreeement.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

EXHIBIT 1
FORM OF PAYMENT INSTRUCTIONS

See Attached.

EXHIBIT 2
FORM OF REFINANCING NOTICE

See Attached.

[NTD: Notice must specify Series and the amount of the Principal Accumulation Amounts specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.]

~~[ISSUER]~~FAIR HYDRO TRUST

as Issuer

AND

~~[INDENTURE TRUSTEE]~~

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF [■], 2017

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This **TRUST INDENTURE**, between ~~[ISSUER]~~**COMPUTERSHARE TRUST COMPANY OF CANADA in its capacity as trustee of FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and ~~[INDENTURE TRUSTEE]~~**BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee[1] (the "**Indenture Trustee**"), is made and entered into as of [■], 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of **Issuer** Funding Obligations in one or more **Classes,** Series~~, Classes~~ or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

~~(b) [all other terms used herein which are defined in the Master Transfer and Servicing Agreement, either directly or by reference therein, have the meanings assigned to them therein;]~~[1]

(b) ~~(c)~~ all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards as published by the International Accounting Standards Board, or any successor accounting standards board) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada at the date of such computation;

[1] **This draft does not reflect any comments from the Indenture Trustee.**

~~[1] **NTD**: Defined terms from Master Transfer and Servicing Agreement to be included in Schedule A. Schedule A will be a master glossary for all Program Agreements.~~

(c) ~~(d)~~ unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(h) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series~~, Class~~ or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant

to Article V and this Section 1.02, as applicable, in connection with the ~~first~~ authentication of Notes of such Series~~, Class~~ or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, **resolution,** waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any **Class,** Series~~, Class~~ or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. ~~If Notes~~

~~of a Series, Class or Tranche are issuable in whole or in part as Bearer Notes~~**In addition**, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Noteholders duly called and held in accordance with the provisions of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) ~~The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness to such execution or by the certificate of any notary public or other officer authorized by applicable law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or limited liability company, or a partner of a partnership, on behalf of such corporation, limited liability company or partnership, such certificate or affidavit will also constitute sufficient proof of his or her authority.~~ The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may ~~also~~ be proved in any ~~other~~ manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than 6 months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified ~~pursuant to Section 4.01 or~~ pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than ~~90~~**six months** days after such record date.

1.05 Actions of Other Specified Creditors

Any Action provided by this Indenture to be given or taken by any Specified Creditor (other than Noteholders) may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Specified Creditor in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

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

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY

MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

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

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the

Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified

Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) ~~the Collection Account, the Refinancing Account, each Finance Reserve Account, each Capital Reserve Account and each Supplemental Reserve~~**each Issuer** Account (including all Sub-Accounts of each ~~of the foregoing~~**Issuer Account**);

(iii) all Eligible Investments and all investment property, money and other property held in the ~~Collection Account, the Refinancing Account, any Finance Reserve Account, any Capital Reserve Account or any Supplemental Reserve Account~~**Issuer Accounts** (including any Sub-Accounts of each ~~of the foregoing~~**Issuer Account**);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act and all regulations promulgated thereunder;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest

in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors and the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) created by this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, the IESO Security Agreement, any Derivative Agreement, any Credit Enhancement

Agreement, any Liquidity Agreement and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law fully to preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the

right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits To Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05).

The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution of Debtholders of Controlling Class Obligations.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any **Class,** Series~~, Class~~ or Tranche of Notes or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every **Class,** Series~~, Class~~ or Tranche of ~~Notes~~**Funding Obligations** as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Notes, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any **Class,** Series~~, Class~~ or Tranche of ~~Notes~~**Funding Obligations** (except as to any surviving rights of transfer or exchange of Notes of that **Class,** Series~~, Class~~ or Tranche expressly provided for herein or in ~~the~~**any** form of Note for that **Class,** Series~~, Class~~ or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that **Class,** Series~~, Class~~ or Tranche, when:

(i) all Notes of that **Class,** Series~~, Class~~ or Tranche theretofore ~~authenticated and delivered~~**outstanding** (other than (A) Notes of that **Class,** Series~~, Class~~ or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section ~~16.04~~**16.05**(b), and (B) ~~Notes~~**Funding Obligations** of that **Class,** Series~~, Class~~ or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section ~~16.04~~**16.05**(b)) have been delivered to the Indenture Trustee ~~canceled or~~ for cancellation **or been cancelled**;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section 9.05) by the Issuer with respect to the ~~Notes~~**Funding Obligations** of that **Class,** Series~~, Class~~ or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Notes of that **Class,** Series~~, Class~~ or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any **Class,** Series~~, Class~~ or Tranche of Notes, the obligations of the Issuer to the Indenture Trustee with respect to that **Class,** Series~~, Class~~ or Tranche of Notes under Section 9.05 and the obligations of the Indenture Trustee under Sections ~~7.07~~**7.12** and ~~16.04~~**16.05**(b) will survive such satisfaction and discharge.

2.09 Release of all Collateral

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of this Article II and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any **Class,** Series~~, Class~~ or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the **Class,** Series~~, Class~~ or Tranche designated therein referred to in the within-mentioned Indenture.

~~[INDENTURE TRUSTEE]~~**BNY TRUST COMPANY OF CANADA**, as Indenture Trustee,

By:

Authorized Signatory

Dated:

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes ~~pursuant to Sections 3.02 and 4.01~~ that the Notes of a particular **Class,** Series~~, Class~~ or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Due Date of such Notes) of the Outstanding Notes of such **Class,** Series~~, Class~~ or Tranche to be represented by such Global Note or Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Notes or its nominee, (iii) will be delivered by the Indenture Trustee or its agent to the

Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to ~~[~~Fair Hydro Trust~~]~~ (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to ~~[~~Fair Hydro Trust~~]~~ (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable. **[NTD: Indenture Trustee to review forms of legends.]**

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such **Class,** Series~~, Class~~ or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or **ceases to be** a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer

within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such **Class,** Series~~, Class~~ or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such **Class,** Series~~, Class~~ or Tranche of like tenor and terms in **definitive form in** an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any **Class,** Series~~, Class~~ or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such **Class,** Series~~, Class~~ or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such **Class,** Series~~, Class~~ or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Notes representing such **Class,** Series~~, Class~~ or Tranche or portion thereof in exchange for such Global Note or Notes.

(iii) If any Event of Default has occurred and is continuing~~ with respect to such Global Notes,~~ and Noteholders holding more than 50% of the unpaid Outstanding Dollar Principal Amount of the Global Notes of ~~that~~**all** Series advise the Indenture Trustee and the Depository that ~~a~~ Global ~~Note is~~**Notes are** no longer in the best interest of the Noteholders~~ of that Series~~, the holders of Global Notes~~ of that Series~~ may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 Temporary Global Notes and Permanent Global Notes

(a) If specified in the Related Supplemental Indenture for any ~~Tranche~~**Series**, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series~~, Class or Tranche~~ and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such Series~~, Class or Tranche~~, so advise the Indenture Trustee, the Issuer, the Foreign Depository, and each foreign clearing agency forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee at the office of its designated agent outside Canada and the United States Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Currency Specific Dollar Principal Amount of such Series~~, Class or Tranche~~ of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside Canada or the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of such certification, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global

Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a foreign clearing agency or Foreign Depository.

(c) The delivery to the Indenture Trustee by a foreign clearing agency or Foreign Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such foreign clearing agency or Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable ~~clearing agency or~~ Depository and the~~ clearing agency's or~~ Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the ~~applicable clearing agency or Depository and the clearing agency's or Depository's participants and will be limited to those established by applicable law and agreements between such Note Owners and the clearing agency or Depository and/or the clearing agency's or~~**Depository and the** Depository's participants. ~~Pursuant to the operating rules of the applicable clearing agency, unless~~**Unless** and until Notes in definitive form are issued pursuant to Section 3.04,~~ the clearing agency or~~ the Depository will make book-entry transfers among the ~~clearing agency's or the~~ Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such~~ clearing agency's or~~ Depository's participants**, in accordance with the Depository's applicable procedures from time to time**.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the

Outstanding Dollar Principal Amount of Outstanding Notes, such direction or consent may be given by Note Owners (acting through the ~~clearing agency~~**Depository** and the ~~clearing agency~~**Depository**'s participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes **in accordance with the applicable procedures of the Depository**.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable clearing agency or Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series~~, Class~~ or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes **of any Class** may be issued in one or more Series~~, Classes~~ or Tranches up to an aggregate Stated Principal Amount of Notes as from time to time may be authorized by the Issuer.

(c) **The Classes of Notes are as set forth in this Indenture.** Each Note issued must be part of a ~~Series, Class~~ and ~~Tranche~~**Series** of Notes for purposes of allocations pursuant to this Indenture, the Related Supplemental Indenture and the Master Transfer and Servicing Agreement. A Series of Notes is created pursuant to a Supplemental Indenture. A ~~Class or~~ Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

~~(d) Each Series of Notes may, but need not be, subdivided into multiple Classes. Notes belonging to a Class in any Series may be entitled to specified payment priorities over other Classes of Notes in that Series.~~

(d) ~~(e)~~ Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If **the Notes of** a Series ~~of Notes is subdivided into multiple Classes, the Notes of each Class of such Series shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Class~~ of Notes belong to different Tranches, all Notes of such ~~Class~~**Series**, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the ~~Class~~**Series** of Notes.

~~(f) Notes of a Series that belong to different Classes in that Series belong to different Tranches on the basis of the difference in Class membership.~~

(e) ~~(g)~~ Each ~~Class~~**Series** of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single ~~Class~~**Series** of a ~~Series~~**Class** will belong to different Tranches if they have different terms and conditions. With respect to any ~~Class~~**Series** of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) ~~(h)~~ Before the initial issuance of Notes of each Series~~, Class~~ or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) **The Class in respect of such Series;**

(ii) ~~(i)~~ the Series designation;

(iii) ~~(ii)~~ the Stated Principal Amount of the Notes;

(iv) ~~(iii)~~ whether such Notes are of a particular ~~Class of Notes or a~~ Tranche of ~~a Class of~~ Notes;

(v) ~~(iv)~~ the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

~~(v) if the principal of or interest, if any, on such Notes are to be payable, at the election of the Issuer or a Noteholder, in a currency or currencies other than that in which the Notes are stated to be payable, the period or periods within which, and the terms and conditions upon which, such election may be made;~~

~~(vi) if the amount of payments of principal of or interest, if any, on such Notes may be determined with reference to an index based on (A) a currency or currencies other than that in which the Notes are stated to be payable, (B) changes in the prices of one or more other securities or indexes of securities or (C) changes in the prices of one or more commodities or indexes of commodities, or any combination of the foregoing, the manner in which such amounts will be determined;~~

(vi) ~~(vii)~~ the price or prices at which such Series~~, Class~~ or Tranche of Notes will be issued;

(vii) ~~(viii)~~ the times at which such Series~~, Class~~ or Tranche of Notes may, pursuant to any optional or mandatory redemption provisions, be redeemed, and the other terms and provisions of any such redemption;~~[2]~~

(viii) ~~(ix)~~ the rate per annum at which such Series~~, Class~~ or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) ~~(x)~~ each Payment Date, the Principal Payment Due Date and the Principal Payment Default Date for such Series~~, Class~~ or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) ~~(xi)~~ the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series~~, Class~~ or Tranche of Notes;

(xiii) ~~(xii)~~ whether or not application will be made to list such Series~~, Class~~ or Tranche of Notes on any securities exchange;

(xiv) ~~(xiii)~~ any Events of Default with respect to such Series~~, Class~~ or Tranche of Notes, if not set forth herein and any additions, deletions or other changes to the Events of Default set forth herein that will be applicable to such Series~~, Class~~ or Tranche of Notes (including a provision making any Event of Default set forth herein inapplicable to the Notes of that Series~~, Class~~ or Tranche);

(xv) ~~(xiv)~~ if such Series~~, Class~~ or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be

~~[2] To confirm whether optional or mandatory redemption is possible. If not, a specific provision prohibiting it will be included.~~

exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) ~~(xv)~~ if such Series~~, Class~~ or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series~~, Class~~ or Tranche of Notes are to be issued with or without coupons or both;

~~(xvi) the subordination of such Series, Class or Tranche of Notes to any other indebtedness of the Issuer, including without limitation, the Notes of any other Series, Class or Tranche;~~

(xvii) **[if such Series~~, Class~~ or Tranche of Notes are to have the benefit of any Derivative Agreement, the terms and provisions of such agreement;]**

(xviii) if such Series~~, Class~~ or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xix) the Record Date for any Payment Date of such Series~~, Class~~ or Tranche of Notes, if different from the last day of the month before the related Payment Date;

~~(xx) the details of any accumulation period for such Series, Class or Tranche of Notes and the amount scheduled to be deposited in a Capital Reserve Account, if any, on each Payment Date during such accumulation period;~~

(xx) ~~(xxi)~~ whether and under what conditions, additional amounts will be payable to Noteholders of such Series~~, Class~~ or Tranche; and

(xxi) ~~(xxii)~~ any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) ~~(i)~~ The Notes of each **Class,** Series~~, Class~~ or Tranche will be distinguished from the Notes of each other **Class,** Series~~, Class~~ or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) ~~(j)~~ Any terms or provisions in respect of the Notes of any **Class,** Series~~, Class~~ or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series~~, Class~~ or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series~~, Class~~ or Tranche, the Registered Notes of that Series~~, Class~~ or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series~~, Class~~ or Tranche, the Bearer Notes of that Series~~, Class~~ or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series~~, Class~~ or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series~~, Class~~ or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive

evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series~~, Class~~ or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes.

(b) If temporary Notes of any Series~~, Class~~ or Tranche are issued, the Issuer will cause definitive Notes of such Series~~, Class~~ or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series~~, Class~~ or Tranche will be exchangeable for definitive Notes of such Series~~, Class~~ or Tranche upon surrender of the temporary Notes of such Series~~, Class~~ or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series~~, Class~~ or Tranche of authorized denominations and of like tenor and terms. Until so exchanged the temporary Notes of such Series~~, Class~~ or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series~~, Class~~ or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular **Class,** Series~~, Class~~ or Tranche, and for transfers of Registered Notes or of Registered Notes of such **Class,** Series~~, Class~~ or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any **Class,** Series~~, Class~~ or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such **Class,** Series~~, Class~~ or Tranche of any authorized denominations, of a like aggregate Stated

Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any **Class,** Series~~, Class~~ or Tranche may be exchanged for other Notes of such **Class,** Series~~, Class~~ or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same **Class,** Series~~, Class~~ and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside Canada and the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note, so surrendered after the close of business on the last day of the month preceding the relevant Payment Date need not have attached the coupon relating to such Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside Canada and the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any **Class,** Series~~, Class~~ or Tranche during a period beginning at the opening of business 15 days

before the day of selection of Notes of such **Class,** Series~~, Class~~ or Tranche to be redeemed and ending at the close of business on (A) if Notes of such **Class,** Series~~, Class~~ or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such **Class,** Series~~, Class~~ or Tranche so selected for redemption or (B) if Notes of the **Class,** Series~~, Class~~ or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the **Class,** Series~~, Class~~ or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any **Class,** Series~~, Class~~ or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR

PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction

under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, **Class,** Series~~, Class~~ or Tranche, Principal Payment Due Date, Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same **Class,** Series~~, Class~~ or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon).

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) In the case of the death of one or more joint registered owners, the principal money of and interest, if any, on a Note may be paid to the survivor or survivors of such registered Noteholders whose receipt thereof, accompanied by the delivery of such Note, shall constitute a valid discharge to the Issuer and the Paying Agent.

(f) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(g) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Cancellation

All Notes surrendered for payment, redemption, **repurchase,** transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the

Indenture Trustee and, if not already canceled, will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.08, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

4.09 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.10 New Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding ~~Class~~**Series** or Tranche of a ~~Series~~**Class** of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding ~~Class~~**Series** or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that ~~Class~~**Series** or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a ~~Class~~**Series** or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a ~~Class~~**Series** or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit~~ of the additional Notes. Furthermore, the targeted deposits, if any, to any applicable Issuer Account, will be increased proportionately to reflect the principal amount~~ of the additional Notes.

(b) When issued, the additional Notes of a ~~Class~~**Series** or Tranche will be identical in all respects to the other Outstanding Notes of that ~~Class~~**Series** or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related

Supplemental Indenture as the other Outstanding Notes of that ~~Class~~**Series** or Tranche without preference, priority or distinction; provided, however, that if such additional Notes are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.11 Redemption

[NTD: redemption mechanics to be included.]

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of Issuer Funding Obligations, the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of the incurrence of such new Issuer Funding Obligation;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of the new Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement(s) in accordance with Section 5.04;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) after giving effect to the incurrence of such Issuer Funding Obligation, the estimated Finance Amount that would become due and payable during the applicable Reference Period is reasonably expected to align with the Fair Allocation Amount determined in respect of such Reference Period; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition shall have been satisfied with respect to the incurrence of such Issuer Funding Obligation;

(e) the Issuer delivers to the Indenture Trustee copies of the Related Funding Obligation Agreement(s), including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable ~~Class~~**Series** or Tranche of Notes;

(f) each creditor for such Issuer Funding Obligation (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section ~~7.06~~**7.11** (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details;

(g) the Change of Law Protection Agreement shall be in full force and effect against the Province or has been replaced with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations pursuant to an Ordinary Resolution;

(h) ~~(g)~~ the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall be satisfied;

(i) ~~(h)~~ in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(j) ~~(i)~~ in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code), then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(k) ~~(j)~~ in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

5.02 No Consent

Except as otherwise provided in any Funding Obligation Agreement, the Issuer and the Indenture Trustee will not be required to provide prior notice to or obtain the consent of any Debtholder to incur any additional Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee a copy of the applicable agreement; and

(b) each counterparty to such agreement (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section ~~7.06~~7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details.

5.04 Acknowledgements

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Sections 5.01 and 5.03 have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior

Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 7.04; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI

prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of

the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account~~"~~**"**

(b) **On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "Interest Accumulation Account") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation** Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 **days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.**

(c) **On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "Principal Accumulation Account") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30** days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new **Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is**

established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined under, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "Program Cash Reserve Account") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.

(e) ~~(b)~~ On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 ~~calendar~~ days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(f) ~~(c)~~ From time to time in connection with the creation of any Series ~~or Class~~ of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "Series **Capital Reserve Account**") in the name

of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A **Series** Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Payments of Available Collections out of the Collection Account ~~not otherwise required to be paid to Specified Creditors at such time~~ shall be credited to a **Series** Capital Reserve Account, to the extent that there is a requirement for funds in such **Series** Capital Reserve Account, in accordance with the terms of ~~any~~**the** applicable Funding Obligation Agreement and Section 7.04. Each **Series** Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a **Series** Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 ~~calendar~~ days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new **Series** Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new **Series** Capital Reserve Account. From the date each such new **Series** Capital Reserve Account is established, it shall be a "**Series** Capital Reserve Account~~"~~**." Each Series Capital Reserve Account shall be a "capital account" under, and as defined under, the Fair Hydro Act Regulations.**

(g) ~~(d)~~ From time to time in connection with the creation of any Series ~~or Class~~ of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series** **Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A **Series** Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for ~~one or more~~**a** Series ~~or Classes~~ of Issuer Funding Obligations. Payments of Available Collections out of the Collection Account ~~not otherwise required to be paid to Specified Creditors or a Capital Reserve Account at such time~~ shall be credited to a **Series** Finance Reserve Account, to the extent that there is a requirement for funds in such **Series** Finance Reserve Account, in accordance with the terms of ~~any~~**the** applicable Funding Obligation Agreement and Section 7.04. Each **Series** Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a **Series** Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 ~~calendar~~ days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency

Condition is satisfied) establish a new **Series** Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new **Series** Finance Reserve Account. From the date each such new **Series** Finance Reserve Account is established, it shall be a "**Series** Finance Reserve Account~~".~~**." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined under, the Fair Hydro Act Regulations.**

~~(e) From time to time in connection with the creation of any Series or Class of Issuer Funding Obligations, the Issuer may cause the Indenture Trustee to establish one or more Eligible Deposit Accounts denominated as "**Supplemental Reserve Accounts**" in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A Supplemental Reserve Account may be established for such other purposes not prohibited by this Indenture as the Issuer may deem necessary or desirable from time to time. Payments of Available Collections out of the Collection Account not otherwise required to be paid to Specified Creditors or a Capital Reserve Account at such time shall be credited to a Supplemental Reserve Account, to the extent that there is a requirement for funds in such Supplemental Reserve Account, in accordance with the terms of the any applicable Funding Obligation Agreement and Section 7.04. Each Supplemental Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Supplemental Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Supplemental Reserve Account, as applicable, that is an Eligible Deposit Account and shall transfer any funds or other property from such Supplemental Reserve Account to such new Supplemental Reserve Account. From the date each such new Supplemental Reserve Account is established, it shall be a "Supplemental Reserve Account".~~

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments

pursuant to written instructions, in such amounts as the Manager will specify. Notwithstanding the foregoing, funds held by the Indenture Trustee in any of the Issuer Accounts will be invested in Eligible Investments that will mature so that a sufficient amount of such funds shall be available to the extent required to pay all Obligations Secured that are payable on the following Payment Date.

(b) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(c) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(d) Subject to Section 8.13, on the applicable Payment Date, all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Issuer Accounts will be applied as specified in Sections ~~7.04 and~~ 7.05 **to 7.10**.

(e) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any insufficiency in such Issuer Accounts resulting from any loss on any Eligible Investment included therein.

(f) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided, however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in the Collection Account

(a) All Senior Funding Obligations of each Series~~, Class~~ or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series~~, Class~~ or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, ~~or~~ (iii) the Principal Payment Default Date of the Senior Funding Obligations of such Series~~, Class~~ **or Tranche, or (iv) the Principal Accumulation Date of such Series** or Tranche, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series~~, Class~~ or Tranche will in all respects be equally and ratably entitled to the benefits hereof

with respect to such Series~~, Class~~ or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, ~~or~~ (iii) the Principal Payment Default Date of the Subordinated Funding Obligations of such Series~~, Class~~ **or Tranche, or (iv) the Principal Accumulation Date of such Series** or Tranche, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series~~, Class~~ or Tranche under this Indenture will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series~~, Class~~ or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, ~~or~~ (iii) the Principal Payment Default Date~~ of the Junior Subordinated Funding Obligations~~**, or (iv) the Principal Accumulation Date** of such Series~~, Class~~ or Tranche, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) If any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Section 8.13.

(e) Subject to Section 8.13, on each Payment Date, any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, ~~(A)~~ to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction; ~~and then (B)~~

(ii) **Second,** to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in

respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[32] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

(iii) ~~(ii) Second, *pari passu*, (A) to Debtholders~~**Third**, on a *pro rata* basis~~, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations~~ **(A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date**, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) ~~(iii) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account in accordance with the terms of any Related Funding Obligation Agreement~~**Fourth, on a *pro rata* basis (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date**, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

~~(iv) Fourth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any other Issuer Account as required by any Related Funding Obligation Agreement, other than Issuer Accounts related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;~~

(v) Fifth, to ~~the Manager in respect of~~**Debtholders, on a *pro rata* basis,** all fees~~, expenses, reimbursement and indemnity amounts owing;~~ **and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations,**

(vi) Sixth, to ~~the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (i);~~**deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Senior);**

(vii) Seventh, ~~(A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (i); and then (B) to other service providers, in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any~~

[32] To be confirmed.

~~relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;~~**to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;**

(viii) Eighth, to ~~Debtholders, on a *pro rata* basis,~~**the Manager** in respect of all ~~interest accrued and unpaid, if any, and~~ fees**, expenses, reimbursement** and ~~other amounts (other than principal) due and payable on the Subordinated Funding Obligations~~**indemnity amounts owing**;

(ix) Ninth, to ~~Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account for Subordinated Funding Obligations in accordance with the terms of any Related Funding Obligation Agreement;~~**transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;**

(x) Tenth, to transfer ~~such amounts as is sufficient to replenish, on a *pro rata* basis, any Issuer Account (other than a Capital Reserve Account) related solely to Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;~~**to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date,**

(xi) Eleventh, to Debtholders, on a *pro rata* basis, ~~in respect of all interest accrued and unpaid, if any, and~~**all** fees and other amounts (other than **interest or** principal) due and payable on the ~~Junior~~ Subordinated Funding Obligations;

(xii) Twelfth, to ~~Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account for Junior Subordinated Funding Obligations in accordance with the terms of any Related Funding Obligation Agreement;~~**deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Subordinated);**

(xiii) Thirteenth**, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve**

Account as required by any Related Funding Obligation Agreement related solely to Subordinated Funding Obligations;

(xiv) **Fourteenth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,**

(xv) **Fifteenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,**

(xvi) **Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;**

(xvii) **Seventeenth**, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any ~~Issuer Account (other than a Capital Reserve Account)~~**Series Capital Accounts or Series Finance Reserve Accounts** as required by any Related Funding Obligation Agreement related solely to Junior Subordinated Funding Obligations ~~as required by any Related Funding Obligation Agreement~~;

(xviii) ~~(xiv) Fourteenth~~**Eighteenth**, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) ~~(xv) Fifteenth~~**Nineteenth**, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust, provided that such amount shall at no time be less than $100 in any Monthly Period; ~~and~~

(xx) **Twentieth, on a *pro rata* basis (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (i); and then (B) to other service providers (other than the Manager), in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and**

(xxi) ~~(xvi) Sixteenth~~**Twenty-First**, any amounts remaining: (i) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (ii) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the

Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

7.05 Allocation of Amounts on Deposit in ~~the Other Issuer Accounts~~Interest Accumulation Account

~~(a)~~ Subject to ~~clause (b) below, if, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date~~: ~~(i) amounts on deposit in any Issuer Account, other than Issuer Accounts related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations, may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (iii); (ii) amounts on deposit in any Issuer Account related solely to Subordinated Funding Obligations may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (ix); and (iii) amounts on deposit in any Issuer Account related solely to Junior Subordinated Funding Obligations may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (xii).~~ **Sections 7.07 and 8.13, on each Interest Payment Date, any amount on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Interest Payment Date:**

(a) **Firstly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;**

(b) **Secondly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment (x) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date, and (y) the amount on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of the Interest Payment Date;**

(c) **Thirdly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment (x) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and (y) the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required**

Principal Accumulation Amount (Subordinated) as of such Interest Payment Date; and

(d) Fourthly, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full including all interest thereon any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

Subject to Section 8.13, on each Principal Payment Date, any amount on deposit in the Principal Accumulation Account and any amounts transferred pursuant to Section 7.07 will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Principal Payment Date:

(a) Firstly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date;

(b) Secondly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this Section 7.06(b) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date;

(c) Thirdly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this Section 7.06(b) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date; and

(d) Fourthly, any amounts remaining: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the

succeeding Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Transfers from Interest Accumulation Account to Principal Accumulation Account

(a) If on any Principal Payment Date, the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations and Subordinated Funding Obligations payable on such Principal Payment Date (the deficiency being a "Subordinated/Senior Principal Shortfall"), an amount equal to the lesser of:

(i) the Subordinated/Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and Subordinate Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

(b) If on any Principal Payment Date after making any transfer contemplated by subsection 7.07(a), the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date (the deficiency being a "Senior Principal Shortfall"), an amount equal to the lesser of:

(i) the Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Interest Payment Date, amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) Firstly, to the extent that the amount on deposit in the Interest Accumulation Account is less than the amount of interest due and payable on the Senior Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Senior Funding Obligations on such Interest Payment Date,

(ii) Secondly, to the extent that the amount available from the Interest Accumulation Account under Section 7.05(b) is less than the amount of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior), and

(iii) Thirdly, to the extent that the amount available from the Interest Accumulation Account under Section 7.05(c) is less than the amount of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).

(b) On each Principal Payment Date (and if the Principal Payment Date is also an Interest Payment Date, after making the applications provided for in subsection 7.08(a) and Section 7.07), amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) Firstly, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Senior Funding Obligations on such Principal Payment Date;

(ii) Secondly, to the extent that the amount available from the Principal Accumulation Account under Section 7.06(b) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal

Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior), and

(iii) Thirdly, to the extent that the amount available from the Principal Accumulation Account under Section 7.06(c) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b): (i) to be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e); provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Refinancing

(a) Not less than [30] days prior the first day of the Reference Period that includes the Principal Accumulation Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) ~~Notwithstanding anything to the contrary contained herein but subject to Section 8.13:~~On completion of a Refinancing all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) ~~amounts~~**The amount** on deposit in the Refinancing Account ~~may only be withdrawn from the Refinancing Account for the purpose of repaying the principal amount of Issuer Funding Obligations which are due and payable and interest thereon~~; and

(ii) The Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account **shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e); provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts remaining in the Refinancing Account shall be applied in accordance with Section 8.13.**

7.10 Allocation of Amounts on Deposit in the Series Accounts

~~(ii)~~ **If**, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date amounts on deposit in ~~an Issuer Account established solely for the benefit of one or more Series, Classes or Tranches of Issuer Funding Obligations may only~~**any Series Account may** be withdrawn from such ~~Issuer~~**Series** Account ~~for the purpose for which such Issuer Account was established~~ and allocated ~~only~~ to ~~those~~ Specified Creditors ~~for whom such Issuer Account was established~~**in accordance with the terms of the Related Funding Obligations Agreement**.

7.11 ~~7.06~~ Payments to be Held in Trust

If, notwithstanding Sections 7.04 and 8.13, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.12 ~~7.07~~ Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to Section 7.01 or Section 7.03 and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES[4]

8.01 Events of Default

[NTD: to be determined if certain events of default should be triggered on a series by series basis.]

"**Event of Default**," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of ~~65~~**[5]** days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of ~~90~~**60** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the ~~90~~**60**-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of ~~90~~**60** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of

[4] ~~Subject to ongoing discussions.~~

Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the ~~90~~**60**-day period;

(e) an Insolvency Event in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province and if the Province does not, within ~~90~~**10** days of receipt of notice of such agreement not being in full force and effect, cause such agreement to be in full force and effect or replace such agreement with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations, acting reasonably, pursuant to an Ordinary Resolution;

(g) the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province; or

(h) any additional event of default specified in a Funding Obligation Agreement in respect of Controlling Class Obligations.

For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute an Event of Default.

8.02 Acceleration of Maturity; Rescission and Annulment

[NTD: to be determined if acceleration should be determined on a series by series basis.]

(a) If an Event of Default (other than an Event of Default described in clause (e), (f) or (g) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Debtholders holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Debtholders), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e), (f) or (g) of Section 8.01 occurs and is continuing, then all Series of Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will

automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Debtholders of Controlling Class Obligations may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent default or impair any right consequent thereon.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Debtholders of Controlling Class Obligations may, by Ordinary Resolution, waive any past default hereunder and its consequences. Upon any such waiver, such default will cease to exist, and any Event of Default arising therefrom will be

deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Event of Default of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such default;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such default in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification thereof to the other Debtholders and all other Specified Creditors; and

(iv) the Indenture Trustee will give prompt written notification thereof to the Rating Agencies, unless such default will have been cured or waived;

provided, however, that, except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligations, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of the Specified Creditors.

(b) When such notice of an occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to Section 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Event of Default has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d), and Section 8.03, if, with respect to any Controlling Class Obligations, such Controlling Class Obligation has become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligation, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part

thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Issuer Funding Obligations when such interest becomes due and payable and such default continues for a period of 65 days following the date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Issuer Funding Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Specified Creditors allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

Nothing herein contained will be deemed to authorize the Indenture Trustee to authorize or consent to or accept or adopt on behalf of any Specified Creditor any plan of reorganization, arrangement, adjustment or composition affecting the Issuer Funding Obligations or the rights of any Specified Creditors, or to authorize the Indenture Trustee to vote in respect of the claim of any Specified Creditor in any such proceeding.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any **Class,** Series~~, Class~~ or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such **Class,** Series~~, Class~~ or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution of Debtholders of Controlling Class Obligations to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Debtholders

Subject to Section 10.02(b), Debtholders of Controlling Class Obligations will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(a) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Debtholders of Controlling Class Obligations not taking part in such direction; and

(b) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Debtholder has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Debtholders of Controlling Class Obligations, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Debtholders of Controlling Class Obligations have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or

other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to ~~(A)~~ the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction; ~~and then~~

(b) **Second,** to ~~(B)~~ the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[~~53~~] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

(c) ~~(b) [Second~~**Third**, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations in respect of Warehouse Facility Agreements;

(d) ~~(c) Third~~**Fourth**, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations in respect of Warehouse Facility Agreements until such amount has been paid in full;]~~64~~

(e) ~~(d) Fourth~~**Fifth**, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(f) ~~(e) Fifth~~**Sixth**, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

~~(f) Sixth, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;~~

(g) Seventh, to the ~~payment or remittance of all Taxes exigible and not previously paid pursuant to clause (a)~~**Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing**;

[~~53~~] To be confirmed.

~~64~~ Subject to ongoing discussion.

(h) Eighth~~, (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (a); and then (B) to other service providers, in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;(i)~~ ~~Ninth~~, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(i) ~~(j) Tenth~~**Ninth**, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) ~~(k) Eleventh~~**Tenth**, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(k) ~~(l) Twelfth~~**Eleventh**, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(l) ~~(m) Thirteenth~~**Twelfth**, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party; ~~and~~

(m) **Thirteenth, (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (a); and then (B) to other service providers (other than the Manager), in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;**

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in ~~an Issuer~~**a Series** Account established solely for the benefit of one or more Series~~, Classes or Tranches~~ of Issuer Funding Obligations ~~(which, for greater certainty, shall not include the Refinancing Account)~~ shall first be used to satisfy all obligations owing to those Specified Creditors for whom such ~~Issuer~~**Series** Account was established. If any amounts remain following such application, such amounts shall be applied in accordance with the priorities set out above.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Specified Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

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

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Specified Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Specified Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Specified Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the

Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Specified Creditors as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer of the Indenture Trustee, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Specified Creditors pursuant to this Indenture, unless such Specified Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default or Event of Default) unless a Responsible Officer of the Indenture Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon the Payment Instruction and the Indenture Trustee will have no obligation to calculate any amount due or owing or to be allocated as provided in this Indenture, including interest or principal for any Issuer Funding Obligations;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation (or, for so long as ~~[Indenture Trustee]~~**BNY Trust Company of Canada** is the Indenture Trustee, such amount as has been mutually agreed upon in writing) for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Debtholders of Controlling Class Obligations delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Debtholder of Controlling Class Obligations, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) subject to Article XI, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Debtholders of Controlling Class Obligations delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Debtholders of Controlling Class Obligations and accepted in the manner hereinafter provided, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To

facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 Acceptance of Appointment by Successor

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will, upon payment of its reasonable charges, if any, execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or

a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such

application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any **relevant** jurisdiction ~~in which any part of the Issuer's property may at the time be located~~, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as

effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

9.14 Preservation of Information; Communications to Debtholders

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in Section 13.13 and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee may destroy any list furnished to it as provided in Section 13.13 upon receipt of a new list so furnished. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors received by the Indenture Trustee pursuant to subsections 5.01(f) and 5.03(b).

(b) If three or more Debtholders of any **Class,** Series~~, Class~~ or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee, and furnish to the Indenture Trustee reasonable proof that each such applicant has owned an Issuer Funding Obligation of such **Class,** Series~~, Class~~ or Tranche for a period of at least six (6) months preceding the date of such application, and such application states that the applicants desire to communicate with all Debtholders (or such subset thereof as will be specified) with respect to their rights under this Indenture or under the applicable Issuer Funding Obligations and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, at its election, either:

(i) afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), or

(ii) inform such applicants as to the approximate number of Debtholders of all Issuer Funding Obligations (or such subset thereof as will be specified), as the case may be, whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a) and as to the approximate cost of mailing to such Debtholders the form of proxy or other communication, if any, specified in such application.

If the Indenture Trustee shall elect not to afford such applicants access to such information, the Indenture Trustee shall, upon the written request of such applicants, mail to each applicable Lender and to each holder of a Registered Note of the applicable **Classes,** Series~~, Classes~~ and Tranches whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Indenture Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless, within five days after such tender, the Indenture Trustee shall mail to such applicants, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Indenture Trustee, such mailing would be contrary to the best interests of the Debtholders for which such mailing is intended or would be in violation of applicable law. Such written statement will specify the basis of such opinion.

(c) Every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived, and that the Indenture Trustee will not be held accountable by reason of mailing any material pursuant to a request made under subsection 9.14(b).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement and will report the amounts of such distributions to the Indenture Trustee. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall provide to the Issuer and the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any

applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any **Class,** Series~~, Class~~ or Tranche, of all ~~Series of~~ Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular **Class,** Series~~, Class~~ or Tranche, of all ~~Series of~~ Issuer Funding Obligations**, [of Controlling Class Obligations of a Series]** or of all Controlling Class Obligations **(each of such groups of Debtholders being a "Debtholder Group")**, as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of that ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**, convene a meeting of the Debtholders of that ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**. If the Indenture Trustee fails to convene a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the ~~Series, Class or Tranche~~**applicable Debtholder Group** to which such meeting relates~~, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be,~~ and to the Issuer, unless the meeting has been

called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of ~~the Debtholders of a Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**a Debtholders Group**, subject as herein provided, a quorum shall consist of two or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the ~~Series, Class or Tranche, of all Series of~~ Issuer Funding Obligations ~~or of all Controlling Class Obligations, as the case may be,~~**of the applicable Debtholder Group** entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than 7 days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be,~~**Debtholder Group** then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the

Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of ~~that Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**the applicable Debtholder Group**. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) In addition to any powers hereinbefore given, Debtholders of a **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such **Class,** Series~~, Class~~ or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the **Class,** Series~~, Class~~ or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such **Class,** Series~~, Class~~ or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such **Class,** Series~~, Class~~ or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the **Class,** Series~~, Class~~ or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized

by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations.

(b) In addition to any powers hereinbefore given, Debtholders of ~~all~~**the** Controlling Class Obligations shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Debtholders of Controlling Class Obligations;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all ~~Series~~**Classes** of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable

bankruptcy or insolvency legislation for and on behalf of all Specified Creditors and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Debtholders of Controlling Class Obligations, such of the powers of such Debtholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution; and

(x) permit the creation of any Lien on the Collateral that is prior to the Security Interest ~~(other than Permitted Liens)~~.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture. The Issuer shall give the Rating Agency notice of any Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations~~**Debtholder Group** which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution of the Debtholders of Controlling Class Obligations.

10.04 Declaration by Chairman of Result of Vote

At any meeting of the Debtholders of any ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations,~~**Debtholder Group** in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**, in the case of matters capable of being decided by Ordinary Resolution, and (b) Debtholders holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be,~~**Debtholder Group** will be binding upon all of the Debtholders of such ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be,~~**Debtholder Group** whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that **Class,** Series~~, Class~~ or Tranche were not outstanding, and no notice of any such meeting need be given to the Debtholders of that **Class,** Series~~, Class~~ or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all **Classes,** Series~~, Class~~ or ~~Tranche~~**Tranches** of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series~~, Class~~ or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any **Class,** Series~~, Class~~ or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all **Classes,** Series~~, Class~~ or ~~Tranche~~**Tranches** of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional ~~or alternative~~ forms of Credit Enhancement for any **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations; or

(j) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(k) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(l) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such

amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

The Issuer shall send a copy of any amendment to this Indenture or any Supplemental Indenture to each Rating Agency.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with prior notice to each Rating Agency and the consent of Debtholders of each **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such

amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby:

(a) change the scheduled payment date of any payment of interest on any Issuer Funding Obligation, or change a Principal Payment Due Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the ~~Adjusted~~ Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any **Class,** Series~~, Class~~ or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular **Classes,** Series~~, Class~~ or ~~Tranche~~**Tranches** of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such **Class,** Series **or Tranche** with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution will approve the substance thereof.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section

9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular **Class,** Series~~, Class~~ or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program

Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all material licences, permits and approvals from all Governmental Authorities required in respect of its business.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds

The Issuer will use the proceeds of Notes and Borrowings solely for: (a) the acquisition by the Issuer of an Investment Interest; (b) the ~~Refinancing~~**redemption, repayment or repurchase** of any existing Issuer Funding Obligations; (c) the funding of Issuer Accounts; and (d) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer

will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more **Classes,** Series~~, Classes~~ or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any **Class,** Series~~, Class~~ or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency. Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the ~~[■]~~[7] **Indenture Trustee**, as its Paying Agent in Toronto, Ontario with respect to all Series, Classes and Tranches of Notes having a Place of Payment in the City of Toronto, Ontario.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

[7] ~~OPG to confirm.~~

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) ~~[~~prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;~~]~~[8]

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others

[8] ~~To discuss financial statement requirements.~~

that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited ~~[consolidated~~ financial statements of the Issuer~~]~~ for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, ~~[~~unaudited ~~consolidated~~ financial statements of the Issuer~~]~~ for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer.[9]

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year **and that no Event of Default has occurred (without regard to any grace period or requirement of notice)**, or, if there has been a material default in the fulfillment of any such condition or covenant **or an Event of Default has occurred** (without regard to any grace

[9] ~~To discuss financial statement requirements.~~

period or requirement of notice), specifying each such default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instruction

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee).

13.12 Notice of Events of Default

The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, (iii) each breach on the part of the Manager of its obligations under the Management Agreement, and (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of such **Classes,** Series~~, Classes~~ or Tranches as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 30 days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list of the names and addresses of all other Specified Creditors.

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each

applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least 5 Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any **Class,** Series~~, Class~~ or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to

provide to any Noteholder of such **Class,** Series~~, Class~~ or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) The Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Funding Obligation Agreements (other than this Indenture and Derivative Agreements) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor, except as expressly permitted by such Specified Creditor, and unless the Rating Agency Condition is satisfied; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement unless the Rating Agency Condition is satisfied.

(b) The Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made with the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted or in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust. The Issuer Trustee is permitted to make or cause to be made payments to the Indenture Trustee pursuant to Sections 9.05 and 13.26.

13.24 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and pursuant to the Program Agreements.

13.25 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.26 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with its own funds or with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

~~[Issuer]~~**Fair Hydro Trust**
c/o Ontario Power Generation Inc.
~~100~~**700** University Avenue~~, 11th Floor~~
Toronto, Ontario M5~~J 2Y~~**G** 1**X6**

Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

~~[Issuer Trustee]~~**Computershare Trust Company of Canada**, in its capacity as Issuer Trustee for ~~[Issuer]~~
~~[Address]~~

Fair Hydro Trust
100 **University Avenue**, 11th Floor
Toronto, Ontario M5J 2Y**1**

Attention: [■]
Fax: (416) [■]
Email: [■]

~~[■]~~

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

~~**[Indenture Trustee]**~~
~~**[Address]**~~
Attention: ~~[■]~~**Corporate Trust Services**
Fax: ~~[■]~~**(416) 360-1711**

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, or sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile

or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any **Class,** Series~~, Class~~ or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series~~, Class~~ or Tranche of Notes, the Related Supplemental Indenture may specify different or additional means of giving notice to the Noteholders of such Series~~, Class~~ or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to (i) a Lender will be given in accordance with the relevant Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement; (ii) the Manager will be given in accordance with the Management Agreement; (iii) a Derivative Counterparty will be given in accordance with the relevant Derivative Agreement; and (iv) any other Specified Creditor will be given in accordance with the relevant Program Agreement.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to

give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in Section 7.04 and 8.13, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 ~~16.02~~ U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.02.

16.04 ~~16.03~~ Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 ~~16.04~~ Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Payment Date on which the Noteholders of any **Class,** Series~~, Class~~ or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such **Class,** Series~~, Class~~ or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such **Class,** Series~~, Class~~ or Tranche specifying (i) the date upon which final payment of such **Class,** Series~~, Class~~ or Tranche will be made upon presentation and surrender of Notes of such **Class,** Series~~, Class~~ or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any **Class,** Series~~, Class~~ or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any ~~Issuer~~**Series** Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within 6 months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). If within one year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any ~~Issuer~~**Series** Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for 2 years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 ~~16.05~~ Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by,

directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 ~~16.06~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

~~[ISSUER]~~**COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

~~[INDENTURE TRUSTEE]~~**BNY TRUST COMPANY OF CANADA**, as Indenture Trustee and not in its individual capacity

By:

Name:
Title:

Schedule A
DEFINED TERMS

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

"**Action**" has the meaning specified in Section 1.04.

~~"**Adjusted Outstanding Dollar Principal Amount**" means, at any time with respect to any Series, Class or Tranche of Notes, the Outstanding Dollar Principal Amount of all Outstanding Notes of such Series, Class or Tranche at such time, less any funds on deposit in any Issuer Account or the related Sub-Account, as applicable, for the benefit of such Series, Class or Tranche at such time.~~

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default~~, (b~~ **or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c**) materially adversely affect the amount or timing of payments to be made to the Specified Creditors **(other than Debtholders and Derivative Counterparties)** pursuant to this Indenture or any Program Agreement, or (~~c~~**d**) adversely affect the Security Interest ~~unless otherwise permitted by this~~**and the rights and remedies of the** Indenture~~.~~ **Trustee in respect thereof.**

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any **Class,** Series~~, Class~~ or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period: (a) the Servicer CEA Collections paid to the Issuer in accordance with Section **[3.3]** of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in ~~the Collection Account, any Finance Reserve Account and any Capital Reserve~~**any Issuer** Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; ~~and~~ (b) the IESO Carrying Cost Payments**; and (c) amounts received by the Issuer pursuant to Derivative Agreements**.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means ~~(a)~~ any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed~~, or (b) for purposes of any particular Series, Class or Tranche of Notes, any other day specified in the applicable Supplemental Indenture~~.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes ~~of any Tranche~~ issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

~~"**Capital Reserve Account**" has the meaning specified in subsection 7.02(c).~~

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated [■], 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" ~~means, with respect to any Issuer Funding Obligation, the class specified in the Related Funding Obligation Agreement~~ **or "Class of Issuer Funding Obligations" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations [and the Derivative Funding Obligations], each of which shall be a class of Issuer Funding Obligations.**

"**Closing Date**", with respect to any Series of Issuer Funding Obligations, has the meaning specified in the Related Funding Obligation Agreement.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Obligations** means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; then (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full; and finally (d) if all Issuer Funding Obligations have been paid in full, all other Obligations Secured.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at ~~[■]; Telephone: [■]; Facsimile: [■],~~**One York Street, 6th Floor, Toronto, Ontario M5J 0B6,** or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Obligations Secured, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of Obligations Secured, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of Obligations Secured.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"Debtholder Group" has the meaning specified in subsection 10.01(a)

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Issuer was established.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"Deferred Principal Accumulation Amount" means, on any Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional or mandatory redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Due Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means, in relation to any Issuer Account, an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of A (high) or better by DBRS, or (y) a certificate of deposit rating or short-term credit rating of R-1 (middle) or better by DBRS, (ii) which has (x) either (1) a long-term unsecured debt rating of A or better by S&P and (2) a short-term debt rating of A-1 or better by S&P, (y) a long-term unsecured debt rating of A+ or better by S&P and no short-term rating by

S&P, or (z) a short-term debt rating of A-1 or better by S&P and no long-term unsecured debt rating by S&P, and (iii) whose deposits are insured by Canada Deposit Insurance Corporation, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's and, if DBRS provides a rating thereon, by DBRS, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of the Servicer), which at the time of purchase is rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's, S&P and DBRS, if rated by DBRS;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this

definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A1" from Moody's and also has a long-term unsecured debt rating of at least "A" from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; and (3) no securities or investments described in clauses (b) through (d) above that have maturities of more than 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any **Class,** Series~~, Class~~ or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Debtholders of not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of Debtholders of all Controlling Class Obligations duly convened and held in accordance with the provisions of this Indenture.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Indenture.

"Fair Hydro Regulations" means the regulations made under the Act including Ontario regulations 206/17 and 195/17

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Indenture.

~~"**Finance Reserve Account**" has the meaning specified in subsection 7.02(d).~~

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Funding ~~Obligations~~Obligation**" has the meaning ascribed to the term "funding ~~obligations~~**obligation**" in the Act as of the date of this Indenture.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Act and the regulations promulgated thereunder.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer pursuant to the Act and the regulations promulgated thereunder.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a ~~Class~~**Series** or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a **Class,** Series~~, Class~~ or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such **Class,** Series~~, Class~~ or Tranche plus the aggregate initial principal amount of any additional Notes of such **Class,** Series~~, Class~~ or Tranche, and (b) with respect to a **Class,** Series~~, Class~~ or Tranche of Discount Notes~~ or~~ that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"Interest Accrual Amount (Junior Subordinated)" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(xiii) plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(a).

"Interest Accrual Amount (Senior)" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(iii)(A).

"Interest Accrual Amount (Subordinated)" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(viii) plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(b).

"Interest Accumulation Account" has the meaning specified in subsection 7.02(b).

"Interest Payment Date" means each Business Day which is an "Interest Payment Date" in respect of any Funding Obligation Agreement in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the ~~Collection Account, the Refinancing Account, all Finance Reserve Accounts, all Capital Reserve~~**Program Accounts and the Series** Accounts and ~~all Supplemental Reserve Accounts,~~ including any Sub-Accounts thereof.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series~~, Class~~ or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series ~~or Class~~ that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Issuer.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Issuer and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Monthly Period**" means, with respect to each Payment Date, unless otherwise provided in a Funding Obligation Agreement, the period from and including the first day of each calendar month and to and including the last day of such calendar month; provided, however, that the initial Monthly Period with respect to any Series of Issuer Funding Obligations will commence on the Closing Date with respect to such Series.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any **Class,** Series~~, Class~~ or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to

any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust **or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust**).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.08, or canceled by the Issuer and delivered to the Indenture Trustee pursuant to Section 4.08;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given if required pursuant to this Indenture or the Related Supplemental Indenture, or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be

references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, **Senior** Notes beneficially owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be disregarded and deemed not to be Outstanding. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only **Senior** Notes which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be so disregarded. **Senior** Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, OPG or any Affiliate of the Issuer or OPG.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any ~~Class or Tranche of~~ Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such ~~Class~~**Series** or Tranche at such time, less the amount of any ~~withdrawals from any Issuer Account or Sub-Account for such Class or Tranche of Notes for payment~~**payments** of principal to the holders of such ~~Class or Tranche~~**Series** of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such ~~Class or Tranche~~**Series** of Notes due to the issuance of additional Notes of such ~~Class or Tranche pursuant to Article V~~**Series**.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any **Class,** Series~~, Class~~ or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such **Class,** Series~~, Class~~ or Tranche at such time, less the amount of any ~~withdrawals from any Issuer Account or Sub-Account for such Series, Class or Tranche of Notes for payment~~**payments** of principal to the holders of such **Class,** Series~~, Class~~ or Tranche of Notes or the applicable Derivative Counterparty pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series~~, Class~~ or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series~~, Class~~ or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series~~, Class~~ or Tranche or the applicable Derivative Counterparty~~ and accretions of principal~~, each pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such **Class,** Series~~, Class~~ or Tranche of Notes due to the issuance of additional Notes of such **Class,** Series~~, Class~~ or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings under the Liquidity Agreements and the Loan Agreements.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in Section 13.03.

"**Payment Date**" means~~, with respect to any Series of Issuer Funding Obligations,~~ the 15th day of each calendar month~~ or the date otherwise specified in the Related Funding Obligation Agreement~~.

"**Payment Instruction**" means, with respect to any Series of Issuer Funding Obligations, the instructions of the Manager substantially in the form of Exhibit 1.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;~~ and~~

(c) the Security Interest**; and**

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, **unlimited liability company,** estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any **Class,** Series~~, Class~~ or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such **Class,** Series~~, Class~~ or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Predecessor Notes**" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Note will be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"Principal Accumulation Account" has the meaning specified in subsection 7.02(c).

"Principal Accumulation Amount" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Funding Obligation Agreement in respect of such Series plus any amounts specified in the Funding Obligation Agreement in respect of such Series in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; *provided* that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"Principal Accumulation Amount (Junior Subordinated)" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"Principal Accumulation Amount (Senior)" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations for such Payment Date.

"Principal Accumulation Amount (Subordinated)" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"Principal Accumulation Date" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"Principal Payment Date" means each Business Day which is a "Principal Payment Date" under a Funding Obligation Agreement in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"**Principal Payment Due Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"Program Account" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account and the Refinancing Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"Program Cash Reserve Account" has the meaning specified in subsection 7.02(g).

"Program Cash Reserve Balance" means, at any time, the amount on deposit in the Program Cash Reserve Account.

"Program Cash Reserve Required Amount (Junior Subordinated)" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.

"Program Cash Reserve Required Amount (Senior)" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Senior Funding Obligations after giving effect to all settlements on such Payment Date.

"Program Cash Reserve Required Amount (Subordinated)" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.

"Program Cash Reserve Required Amount (Total)" means, on any Payment Date, an amount equal to the sum of the Program Cash Reserve Required Amount (Senior), the Program Cash Reserve Required Amount (Subordinated) and the Program Cash Reserve Required Amount (Junior Subordinated).

"Program Cash Reserve Required Deposit Amount (Junior Subordinated)" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Total) exceeds the Program Cash Reserve Balance.

"Program Cash Reserve Required Deposit Amount (Senior)" means, on any Payment Date, the amount by which the Program Cash Reserve Required Amount (Senior) exceeds the Program Cash Reserve Balance.

"Program Cash Reserve Required Deposit Amount (Subordinated)" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Senior) plus the Program Cash Reserve Required Amount (Subordinated) exceeds the Program Cash Reserve Balance.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Outstanding **Class,** Series~~, Class~~ or Tranche of Notes, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Supplemental Indenture, selected by the Manager to rate such Notes.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Supplemental Indenture for any Series~~, Class~~ or Tranche of Notes, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Supplemental Indenture with respect to any

specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies (i) shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to any Outstanding Notes immediately before the taking of such action, **[or (ii) in the case of S&P, or any successor thereto, when it is a Rating Agency, such Rating Agency shall have informed the Issuer in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Outstanding Notes immediately before the taking of such action]**, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Notes or other Notes in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture, any Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Payment Date, the last day of the calendar month immediately preceding such Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(b).

"Refinancing Notice" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreements": the Funding Obligation Agreements entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a ~~Class~~**Series** or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"Required Principal Accumulation Amount (Senior)" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"Required Principal Accumulation Amount (Subordinated)" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any ~~authorized~~ director or officer of the Manager; (b) the Servicer, any ~~authorized~~ director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereof.

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"Senior Principal Shortfall" has the meaning specified in subsection 7.07(b).

"**Senior Notes**" means Notes of a Series ~~or Class~~ that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any **Class of** Issuer Funding Obligation, the Series **of the Class** specified in the Related Funding Obligation Agreement.

"Series Account" means each Series Finance Reserve Account and each Series Capital Account.

"Series Finance Reserve Account" has the meaning specified in subsection 7.02(g).

"Series Capital Account" has the meaning specified in subsection 7.02(f).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section **[7.1]** of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, Derivative Counterparties, Credit Enhancers, counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, and other Persons in respect of Obligations Secured, in each case, to the extent of their claims related to Program Agreements.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"Subordinated/Senior Principal Shortfall" has the meaning specified in subsection 7.07(a).

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series ~~or Class~~ that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any ~~Classes and~~ Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

~~"**Supplemental Reserve Account**" means the trust account or accounts designated as such and established pursuant to subsection 7.02(e).~~

"**Tax**" has the meaning ascribed to the term "tax" in the regulations promulgated under the Act ~~[~~as of the date of this Indenture.~~]~~.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" ~~has the meaning specified in the applicable~~**means all amounts payable upon early termination of any** Derivative Agreement **calculated in accordance with the terms of such Derivative Agreeement**.

"**Terms Document**" means, with respect to any ~~Class or~~ Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any ~~Class~~**Series** of Notes, Notes of such ~~Class~~**Series** which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes ~~of any Tranche~~ issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit

facility.

EXHIBIT 1
FORM OF PAYMENT INSTRUCTIONS

See Attached.

EXHIBIT 2
FORM OF REFINANCING NOTICE

See Attached.

[NTD: Notice must specify Series and the amount of the Principal Accumulation Amounts specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.]

Document comparison by Workshare Compare on November-08-17 8:59:29 AM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\#23425981v13_TorysAtWork_ - Fair Hydro Plan Master Trust Indenture.docx
Description	#23425981v13_TorysAtWork_ - Fair Hydro Plan Master Trust Indenture
Document 2 ID	file://C:\Users\bsaulnie\Desktop\Province\Master Trust Indenture (November 7th Rating Agency Draft).DOCX
Description	Master Trust Indenture (November 7th Rating Agency Draft)
Rendering set	Firm_Standard

Legend:	
Insertion	
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Moved to	
Style change	
Format change	
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Inserted cell	
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Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	649
Deletions	635
Moved from	8
Moved to	8
Style change	0
Format changed	0
Total changes	1300

Draft Date: November 7, 2017

MASTER TRANSFER AND SERVICING AGREEMENT

between

[FINANCING ENTITY]
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of ■, 2017

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EXHIBIT

Exhibit A – Form of Transfer Notice
Exhibit B – Form of Monthly Report
Exhibit C – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of ■, 2017.

BETWEEN:

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total CEA Consumer Invoice Amounts in such Billing Period;

(b) its total Electricity Vendor CEA Collections during such Billing Period; and

(c) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means ■, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within **[45]** days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means ■, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Report**" has the meaning ascribed thereto in Section 3.4(a);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"**Prescribed Period**" has the meaning ascribed thereto in Section 3.13(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the **[18th]** Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means rating of "Baa3" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.9;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the **[5th]** Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a

binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by bank wire transfer or bank electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO, dated the initial Closing Date certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO

officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder); and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them. **[NTD: Scope of opinions required to be confirmed by the Dealers and their counsel]**

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in this Agreement or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith. The Servicer agrees to perform the duties and obligations of the Servicer pursuant to the terms hereof at no additional cost to the Issuer.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a); and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, that is in the possession or control of the Transferor or which is available on request to the Transferor, can lawfully be provided and can be provided without incurring material incremental expense.

3.3 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments:

(i) provide guidance to the Electricity Vendors with respect to their obligations under the Act to establish a segregated account into which

Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) provide a suggested form of Electricity Vendor Billing Period Report to be used by such Electricity Vendors;

(iii) provide guidance with respect to the establishment by the Electricity Vendors of procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to such forms and guidance.

(c) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(d) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.3(d), the "**Servicer CEA Receipts**");

(f) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.5;

(g) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(h) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(i) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and

the amount received pursuant to Section 3.3(d), and such other discrepancies as may be agreed by the parties hereto, acting reasonably;

(j) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report, or

(iv) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

in each case, to remind them of their obligations under the Act and the Regulations and, in the case of Electricity Vendor CEA Collections that do not match the amount thereof reported in the Electricity Vendor Billing Period Report, to request an explanation of the discrepancy;

(k) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.5 without any surcharge, fee, offset, charge or other deduction.

3.4 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period, prepare and deliver to the Issuer a written report substantially in the form of Exhibit B (a "**Monthly Report**");

(b) Report monthly to the Issuer any failure on the part of Electricity Vendors to deliver, remit or certify referred to in (j)(i), (ii) or (iv) which has not been remedied as a result of the contact made by the IESO pursuant to Section 3.3(j) or any discrepancy referred to in (j)(ii), and the explanation provided therefor by the Electricity Vendor.

(c) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(d) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.5 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.6 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.6.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO;

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO shall not be responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to

the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.7 Servicing and Maintenance Standards

Subject to Section 3.6, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.8 Appointments

The Servicer may at any time appoint any Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.10.

3.9 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.10 Resignation of Servicer

The IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and the Rating Agencies at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and the Rating Agencies concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.11 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.11 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.11, then, upon satisfaction of all of the

other conditions of this Section 3.11, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.12 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.11, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.13 IESO Regulatory Obligation to Pay Carrying Costs

(a) The IESO acknowledges that it has an obligation to pay monthly Carrying Costs pursuant to the Regulations for the prescribed period set out in the Regulations (the "**Prescribed Period**") and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer on a monthly basis.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit C (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs incurred in the preceding calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of the Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.

(c) On or before the [14th] Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

3.14 IESO Security for CEA Remittances

If required by the Issuer, the IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, a letter of credit in an amount equal to $■, or such other form of security as may be acceptable to the Issuer, as security for any failure of Electricity Vendors

which are either not rated or are rated less than investment grade to remit their Electricity Vendor CEA Collections.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.6, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or

any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda,

prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"), provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents. The IESO represents that, except in respect information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.11, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount

paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, or (iii) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.11) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.10 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable legal fees and expenses), except as otherwise expressly provided in this Agreement.

(d) Indemnification under this Section 6.1 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(e) The IESO shall not be required to indemnify any party under this Section 6.1 for any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of **[two/three]** Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the

Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer..

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

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

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: ■

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors

against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors.

8.11 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in

their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.12 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by bank wire transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY REPORT

[**NTD: form to be settled]**

EXHIBIT C

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.13 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs in respect of the calendar month of ■, ■ are as follows:

In accordance with Section 3.13(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

MASTER TRANSFER AND SERVICING AGREEMENT

between

[FINANCING ENTITY]
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of ■, 2017

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EXHIBIT

Exhibit A – Form of Transfer Notice
Exhibit B – Form of Monthly Report
Exhibit C – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of ■, 2017.

BETWEEN:

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

AND WHEREAS, under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the Regulations to record certain amounts in the Fair Hydro Variance Account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total CEA Consumer Invoice Amounts in such Billing Period;

(b) its total Electricity Vendor CEA Collections during such Billing Period; and

(c) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to **by the applicable Electricity Vendor**;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

"**Indenture**" means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer;

"**Indenture Trustee**" means ■, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors, or any successor thereto, under the Indenture;

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within **[45]** days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Issuer**" means ■, a trust formed under the laws of the Province of Ontario;

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Report**" has the meaning ascribed thereto in Section 3.4(a);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"Prescribed Period" has the meaning ascribed thereto in Section 3.13(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the **[18th]** Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means rating of "Baa3" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.9;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings[1]

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration

[1] ~~Torys to conform boilerplate provisions, as applicable, across all transaction documents.~~

means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the **[5th]** Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by bank wire transfer or bank electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO, dated the initial Closing Date certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder); and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them. **[NTD: Scope of opinions required to be confirmed by the Dealers and their counsel]**

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same

force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) **immediately** after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in this Agreement or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith. The Servicer agrees to perform the duties and obligations of the Servicer pursuant to the terms hereof at no additional cost to the Issuer.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2 (a); and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, **that is in the possession or control of the Transferor or** which is ~~reasonably~~ available **on request** to the Transferor, can lawfully be provided and can be provided without incurring material incremental expense.

3.3 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments:

(i) provide guidance to the Electricity Vendors with respect to their obligations under the Act to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) provide a suggested form of Electricity Vendor Billing Period Report to be used by such Electricity Vendors;

(iii) provide guidance with respect to the establishment by the Electricity Vendors of procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to such forms and guidance.

(c) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(d) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.3(d), the "**Servicer CEA Receipts**");

(f) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.5;

(g) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(h) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(i) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.3(d)**, and such other discrepancies as may be agreed by the parties hereto, acting reasonably**;

(j) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report, or

(iv) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

in each case, to remind them of their obligations under the Act and the Regulations and, in the case of Electricity Vendor CEA Collections that do not match the amount thereof reported in the Electricity Vendor Billing Period Report, to request an explanation of the discrepancy;

(k) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the

benefit of the Issuer and remit such amounts in accordance with Section 3.5 without any surcharge, fee, offset, charge or other deduction.

3.4 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period, prepare and deliver to the Issuer a written report substantially in the form of Exhibit B (a "**Monthly Report**");

(b) Report monthly to the Issuer any failure on the part of Electricity Vendors to deliver, remit or certify referred to in (j)(i), (ii) or (iv) which has not been remedied as a result of the contact made by the IESO pursuant to Section 3.3(j) or any discrepancy referred to in (j)(ii), and the explanation provided therefor by the Electricity Vendor.

(c) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(d) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.5 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ~~[five]~~**ten** Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ~~[five]~~**ten** Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received ~~during a Billing Period~~**on or subsequent to a Remittance Date** shall be remitted by the Servicer to the Collection Account no later than the ~~Remittance Date~~ immediately following ~~such Billing Period~~**Remittance Date**.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.6 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.6.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO;

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO shall not be responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the

taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.7 Servicing and Maintenance Standards

Subject to Section 3.6, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.8 Appointments

The Servicer may at any time appoint any Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.10.

3.9 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.10 Resignation of Servicer

The IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and the Rating Agencies at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and the Rating Agencies concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has

assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.11 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.11 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.11, then, upon satisfaction of all of the other conditions of this Section 3.11, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.12 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.11, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.13 IESO Regulatory Obligation to Pay Carrying Costs

(a) ~~During the period~~**The IESO acknowledges that it has an obligation to pay monthly Carrying Costs pursuant to the Regulations for the** prescribed

~~by~~**period set out in the** Regulations (the "**Prescribed Period**")~~, the IESO shall, as required~~ **and agrees to comply with its obligations** under the Regulations~~,~~ **to** pay and remit **the Carrying Costs** to the Issuer on a monthly basis~~ the Carrying Costs~~.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit C (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs incurred in the preceding calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly ~~Carry~~**Carrying** Costs Statement, enter the amount of the Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO**, and such entry shall be deemed to be a certification of the accuracy of the amount entered**.

(c) On or before the [14th] Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

3.14 IESO Security for CEA Remittances

If required by the Issuer, the IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, a letter of credit in an amount equal to $■, or such other form of security as may be acceptable to the Issuer, as security for any failure of Electricity Vendors~~,~~ **which are either not rated or are rated less than investment grade** to remit their Electricity Vendor CEA Collections.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.6, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate

power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under~~,~~ **this Agreement** or the Act or the validity or enforceability of~~,~~ this Agreement ~~or the Act~~.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under~~,~~ **this Agreement or the Act** or the validity or enforceability of~~,~~ this Agreement ~~or the Act~~.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest**, except for any Lien granted by the Issuer to the IESO**.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for ~~passive~~ investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"), provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents. The IESO represents that, except in respect information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.11, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

~~**5.11 Acknowledgement of Indenture**~~

~~The IESO acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture.~~

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer~~, the Manager~~ and each of ~~their respective~~**its** trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed

counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, or (iii) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.11) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.10 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable legal fees and expenses), except as otherwise expressly provided in this Agreement.

(d) Indemnification under this Section 6.1 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(e) The IESO shall not be required to indemnify any party under this Section 6.1 for any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.

~~**[Note to Draft: The Indenture Trustee has been removed as a party to this Agreement on the understanding that a separate acknowledgement and indemnity will be entered into between the IESO and the Indenture Trustee in which the IESO acknowledges the Indenture Trustee's right to enforce this Agreement, and in which the IESO provides an similar indemnity to that above in favour of the Indenture Trustee on behalf of the Specified Creditors.]**~~

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of **[two/three~~] [NTD: Rating Agencies will expect 2-3 days~~]** Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment

Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer..

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and

liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition**, such satisfaction to be confirmed by the Issuer at the time of such amendment**. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

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

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: ■

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports

and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors.

8.11 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units

of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.12 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by bank wire transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By:
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY REPORT

See Attached

MONTHLY REPORT

[NTD: Subject to continuing review by the Dealers and their counsel.]

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Report have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.4(a) of the Master Transfer and Servicing Agreement the Servicer hereby certifies in the date hereof and in respect of the period subsequent to the preceding Remittance Date, as follows:

	Item	Amount
(A)	CEA Consumer Invoice Amounts:	$■
(B)	Servicer CEA Receipts:	$■
	Comprised of:	
	Electricity Vendor CEA Collections:	$■
	IESO direct CEA collections:	$■
(C)	Actual Monthly Consumption of Specified Consumers:	■
(D)	Balance of IESO Segregated Account:	$■

~~LDC Name~~	~~Billed Amount~~	~~Remitted Amount~~	~~Difference~~
~~LDC 1~~	~~$xx~~	~~$yy~~	
~~LDC 2~~			
~~LDC 70~~			

~~Shortfall $~~

~~Delinquency Amount $~~

[**NTD:** ~~**Any additional information considered necessary for OPG/IESO to be included.**~~**form to be settled**]

~~DATED this ■ day of ■, 20■.~~

~~**INDEPENDENT ELECTRICITY SYSTEM OPERATOR**~~
~~**as Servicer**~~

~~By:~~ _____
~~Name:~~
~~Title:~~

~~By:~~ _____
~~Name:~~
~~Title:~~

EXHIBIT C

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.13 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs in respect of the calendar month of ■, ■ are as follows:

In accordance with Section 3.13(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on November-08-17 9:02:13 AM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\Master_Transfer_and_Servicing_Agreement (Osler_Torys comments on IESO_SE....docx
Description	Master_Transfer_and_Servicing_Agreement (Osler_Torys comments on IESO_SE...
Document 2 ID	file://C:\Users\bsaulnie\Desktop\Province\MTSA (November 7th Rating Agency Draft).DOCX
Description	MTSA (November 7th Rating Agency Draft)
Rendering set	Firm_Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	79
Deletions	139
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	222

Draft Date: November 7, 2017

SECURITY AGREEMENT

THIS AGREEMENT made as of the ____ day of _____, 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998,

(hereinafter referred to as the "**Grantor**"),

IN FAVOUR OF:

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario,

(hereinafter referred to as the "**Secured Party**"),

WHEREAS under Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017* (the "**Regulation**"), the Grantor is required to pay to the Secured Party the Carrying Costs of the Secured Party during the period beginning on April 1, 2017 and ending on June 30, 2021 (the "**Statutory Obligation**");

AND WHEREAS the Grantor (together with the Secured Party, collectively referred to as the "**Parties**") has agreed to enter into a security agreement in favour of the Secured Party to secure payment of the Statutory Obligation;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for and in consideration of the premises, mutual covenants and conditions herein contained and such other lawful and valuable consideration the receipt of sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

(a) "**Account**" shall have the meaning attributed to such term in the PPSA;

(b) "**Business Day**" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

(c) "**Carrying Costs**" shall have the meaning attributed to the term "carrying costs" in the Regulation;

(d) "**Collateral**" shall have the meaning attributed to such term in Section 2.1;

(e) **"Electricity Vendor"** shall mean a licensed distributor and a licensed retailer, each as defined in the Ontario Fair Hydro Act.

(f) "**Money**" shall have the meaning attributed to such term in the PPSA;

(g) "**Permitted Liens**" means liens approved in writing by the Secured Party;

(h) "**PPSA**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

(i) "**Proceeds**" means "proceeds", as defined in the PPSA, of the Collateral;

(j) **"Receiver"** shall have the meaning attributed to such term in Section 6.2 of this Agreement;

(k) "**Regulation**" shall have the meaning attributed to such term in the recitals hereto;

(l) "**Statutory Obligation**" shall have the meaning attributed to such term in the recitals hereto.

1.2 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.3 Plural and Singular

Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings

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

1.5 Applicable Law

This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties do hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court,

this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

1.8 Recitals and Schedules

Each and every one of the recitals and schedules which are referred to in this Agreement and attached to this Agreement shall form an integral part of this Agreement.

2. SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment of the Statutory Obligation, the Grantor hereby grants a security interest to the Secured Party in the following (collectively, the "**Collateral**"):

(a) all Accounts, which are now due, owing or accruing or growing due to, or which may hereafter become due, owing or accruing or growing due, to the Grantor by an Electricity Vendor;

(b) all Proceeds and renewals of the foregoing, in whatever form, together with all substitutions therefore.

Whenever used elsewhere in this Agreement, the expression "**security interest**" refers to the security interest created in this Section 2.1.

2.2 Attachment of Security Interest

The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in such of the Collateral as constitutes present property of the Grantor, and (iii) the security interest shall attach to existing Collateral upon execution of this Agreement by the Grantor and to each item of after-acquired Collateral at the time that the Grantor acquires any rights therein.

3. COVENANTS OF THE GRANTOR

3.1 Covenants

The Grantor hereby covenants and agrees with the Secured Party as follows:

(a) To promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral.

(b) To defend the Collateral against the claims and demands of all other persons claiming the same or an interest therein and to promptly notify the Secured Party of any such claim or demand.

(c) To do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Secured Party to establish in favour of the Secured Party the security interest intended to be created hereby.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to and at the expense of the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform and that the Secured Party is capable of performing, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Grantor and no such performance by the Secured Party will require the Secured Party further to perform the Grantor's covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

4. DEALING WITH COLLATERAL

4.1 Grantor's Rights

Until the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor shall be entitled to deal with the Collateral in the ordinary course of business, provided however, that no such action shall be taken which would impair the effectiveness of the security interests created hereby, the provisions of this Agreement or any other written agreement between the Secured Party and the Grantor.

4.2 General Restrictions

The Grantor shall not, without the prior written consent of the Secured Party:

(a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of business; or

(b) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral except the Permitted Liens.

4.3 Release by the Secured Party

The Secured Party may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Statutory Obligation either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party, the matters set out below:

(a) **Incorporation and Qualifications** – The Grantor is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement.

(b) **Corporate Authority and Power** – The Grantor has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the Grantor under all applicable laws.

(c) **Non-Conflict** – Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Grantor nor is this Agreement in contravention of or in conflict with the by-laws or resolutions of the directors or shareholders of the Grantor or of the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the Grantor or any of its property may be subject, other than approvals that have been obtained.

(d) **Ownership of Collateral Free of Liens** – The Grantor is the owner of or has rights in the existing Collateral free and clear of any liens other than Permitted Liens.

(e) **Grantor Information** – Schedule A sets forth (a) the Grantor's jurisdiction of incorporation, (b) the location of the Grantor's registered office and business operations and records, and (c) the Grantor's exact legal name (in English and French).

(f) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

5.2 Reliance and Survival

All representations and warranties of the Grantor made in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and

warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

6. ENFORCEMENT

6.1 Enforceability of Security

The security hereby constituted shall become enforceable only upon the failure of the Grantor to pay the Statutory Obligations when due, and then only to the extent of the Statutory Obligations not then paid when due. The Grantor acknowledges that it has no right in any circumstance to accelerate payment of the Statutory Obligations, to apply proceeds of Collateral on account of Statutory Obligations not yet due, or to reserve or hold proceeds of Collateral on account of Statutory Obligations not yet due.

6.2 Remedies

At any time that the security hereby constituted shall have become enforceable, the Secured Party may give notice of its intention to its exercise rights and remedies hereunder. At any time ten Business Days following the giving of such notice, and unless the amounts due and owing on account of the carrying Costs at the time of the Notice have been paid, the Secured Party shall have the following rights, powers and remedies:

(a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Secured Party hereunder;

(b) to make payments to parties having prior charges or encumbrances on the Collateral;

(c) to preserve, protect and maintain the Collateral;

(d) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement;

(e) to sell or dispose of all or any part of the Collateral whether by public or private sale or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including without limitation, terms that provide time for payment on credit;

(f) to enjoy and exercise in respect of the Collateral all of the rights and remedies of a secured party under the PPSA;

(g) to notify the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and,

upon such notification and at the expense of the Grantor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done; and

(h) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Grantor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral.

6.3 Special Rules re Accounts

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2,

(a) all Money or other form of payment received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 6.8; and

(b) the Grantor shall not adjust, settle or compromise the amount or payment of any Collateral.

6.4 Receiver as Agent

The Receiver shall be deemed to be the agent of the Grantor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Grantor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

6.5 Expenses of Enforcement

The Grantor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a full indemnity basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of Money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Grantor to the Secured Party and the Receiver pursuant to this Section 6.5 shall be payable on demand.

6.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor,

sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

6.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Grantor or to any other person for any failure to exercise any of the rights, powers and remedies set out in this Agreement, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Grantor or any other party in respect of the same.

6.8 Proceeds of Disposition

All Moneys received by the Secured Party or by the Receiver pursuant to Section 6.2 shall be promptly applied as follows:

(a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this Agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 6.5;

(b) second, in payment of all amounts of Money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) third, in payment of the Statutory Obligation, provided that if there are not sufficient Moneys to fully pay and perform the Statutory Obligation, the Secured Party may apply the Moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and

(d) fourth, in payment of any surplus in accordance with applicable law.

6.9 Grantor Liable for Deficiency

If the Moneys received by the Secured Party or the Receiver pursuant to Section 6.2 are not sufficient to pay the claims set out in Section 6.8, the Grantor shall immediately pay the Secured Party the amount of such deficiency.

6.10 Restriction on Grantor

Upon notification of the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party or the appointment of a Receiver in respect of the Collateral, all the powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor with respect to the Collateral shall, to the extent permitted by applicable law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and

privileges of the Grantor or any officer, director, servant or agent of the Grantor shall be unaffected by such events.

6.11 Rights Cumulative

All rights and remedies of the Secured Party set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute.

7. GENERAL

7.1 Waiver

Any default by the Grantor in the observance or performance of any covenant or condition required to be observed or performed by the Grantor hereunder, may only be waived by the Secured Party in writing, provided that no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

7.2 The Secured Party as Attorney

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Grantor for and in the name of the Grantor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Grantor is obliged to sign, execute or do hereunder and, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Grantor in the exercise of all or any of the powers hereby conferred on the Secured Party. These powers are coupled with an interest, have been given for valuable consideration (the receipt and adequacy of which is acknowledged), survive, and do not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Grantor, and are irrevocable until the Statutory Obligation has been satisfied in full and this Agreement is terminated and the security interest created herein has been released. This power of attorney extends to and is binding upon the Grantor's successors and permitted assigns. The Grantor authorizes the Secured Party to delegate in writing to another person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation.

7.3 Further Assurances

The Grantor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral, or which the Grantor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement.

7.4 Amalgamation of the Grantor

The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons, then (i) the Collateral and the security interest shall extend to and include all of the property and undertaking that any of the amalgamating corporations then owns, all of the property and undertaking that the amalgamated corporation thereafter acquires, all of the property and undertaking in which any of the amalgamating corporations then has any interest, and all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest, and (ii) all references herein to the Grantor shall extend to and include the amalgamated corporation.

7.5 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Statutory Obligation until the Statutory Obligation is paid and performed in full.

7.6 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or facsimile number, as the case may be, of the party set opposite its name below or at or to such other address or addresses or facsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Grantor:

Independent Electricity System Operator
[Address]

Attention: ■
Email: ■
Facsimile: ■

In the case of the Secured Party:

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■
Facsimile: ■

7.7 Assignment

The Secured Party may from time to time upon notice to, but without the consent of the Grantor, assign or transfer this Agreement to any other person. The Grantor shall not be entitled to assign or transfer this Agreement or any of the Grantor's rights, duties or obligations hereunder without the prior written consent of the Secured Party.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Grantor and its successors and permitted assigns.

7.9 Amendments

This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the Parties.

7.10 Entire Agreement

This Agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the Parties and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

7.11 Receipt of Agreement and Financing Statement.

The Grantor hereby acknowledges receipt of an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

7.12 Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.13 Delivery by Facsimile or Electronic Transmission

This Agreement may be executed and delivered by facsimile or electronic transmission and each of the Parties may rely on such facsimile or electronic signature as though such facsimile signature were an original signature.

[NEXT PAGE IS SIGNATURE PAGE]

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

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC., as Secured Party

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Grantor

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

GRANTOR INFORMATION

1. **Grantor's exact legal name: Independent Electricity System Operator**

   ■ [French]

2. **Grantor's jurisdiction of incorporation: Ontario**

3. **Grantor's registered office address: ■**

4. **Location of Grantor's business operations and records: ■**

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

●
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of ●, 2017

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FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of ●, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), ●, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust

Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Classes or Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be Senior Notes and will not be subordinated to any other Series, Class or Tranche of Notes;

(k) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(l) will have each Payment Date as an Interest Payment Date;

(m) will have a Principal Payment Due Date that is the Series 2017-1 Principal Payment Due Date;

(n) will have a Principal Payment Default Date that is the Series 2017-1 Principal Payment Default Date; and

(o) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including **[December 15, 2017]**, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser Group and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to [**December 15, 2017**], in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than **[3:00 p.m.]** (Toronto time) on the third Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent (with

a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than **[3:00 p.m.]** (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $**[1,000,000]** or more, or (B) if less than $[1,000,000], the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) Upon receipt of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group (or, with respect to any notice pursuant to Section 3.3(e) requiring a Delayed Funding Purchaser Group to decrease its Delayed Amount, the applicable Non-Conduit Purchaser or Funding Agent), no later than **[5:00 p.m.]** (Toronto time) on the Business Day received. After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of such notice from the Administrative Agent, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase

Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser who shall have previously notified the Issuer in writing that it or any related Program Support Provider may, in the absence of the Group Bank or Non-Conduit Purchaser having the ability to deliver Delayed Funding Notices hereunder, incur charges under, or in anticipation of, Basel III (which may include external charges incurred by the Group Bank, Non-Conduit Purchaser or Program Support Provider or internal charges incurred by any of their businesses) in respect of its Commitment hereunder or any agreement to support such Commitment, or in respect of its interest in the Series 2017-1 Senior Notes, based on its "liquidity coverage ratio" calculated under Basel III, may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to **[12:00 noon]** (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date. [**NTD: the definition of "Non-Deferrable Draw Amount"**

includes a percentage (currently [10]%) that represents the amount that cannot be deferred by the dealers. OPG should make a proposal as to this percentage.]

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than **[12:00 noon]** (Toronto time) on the Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount to the Administrative Agent in immediately available funds, and the Administrative Agent shall distribute such funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) in the following order of priority:

(i) As to an amount equal to ●% of the amounts paid to pursuant to Sections 3.3(d) and 3.3(f), by deposit to the Program Cash Reserve Account; and

(ii) as to the balance, in respect of the proceeds of the initial purchase of the Series 2017-1 Notes or a Transfer Increase, by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of the related Transfer and, in respect of the proceeds of a Refinancing Increase, by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than **[3:00 p.m.]** (Toronto time) on the second Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall state (x) the Decrease Date, and (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**").

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease. Upon receipt of any notice required by Section 3.4(a) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group, no later than **[1:00 p.m.]** (Toronto time) on the Business Day received.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered). Upon receipt of any Optional Termination Notice from the Issuer, the Administrative Agent shall promptly notify each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group thereof.

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $**[10,000,000]** or a whole multiple of $**[1,000,000]** in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be

subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Billing Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Billing Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than two (2) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), 7.08(a)(i) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 Notes pursuant to Sections 7.04(e)(iii) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Accumulation and Repayment of Principal

(a) For the purposes of the Trust Indenture and the Series 2017-1 Notes:

(i) for each Payment Date before the Principal Accumulation Date, the Principal Accumulation Amount shall be the Principal Payment Amount for such Payment Date; and

(ii) for each Payment Date on or after the Principal Accumulation Date, the Principal Accumulation Amount shall be the greater of (x) the Principal Payment Amount

for such Payment Date, and (y) the Principal Accumulation Amount, for such Payment Date.

(b) Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Notes. On each Principal Payment Date in respect of the Series 2017-1 Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections **7.04(e)(iv)(A), 7.06(a) or 8.13(d)** of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer indemnified person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer indemnified person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer indemnified person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section **[7.04] or [8.13]** of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding

Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Person's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Person of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Person or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Person, or credit extended by an Affected Person pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Person of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Person's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Person under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) of a written request therefore to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid, such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected for such increased cost or such reduction, no later than the Payment Date following receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), if such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date, and otherwise on the following Payment Date.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii)

relating to any period ending, and of which such Affected Party has had knowledge, more than one year prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Trust of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter, this Supplemental Indenture, the Manager Indemnity and copies of each of the other Program Agreements certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee, the IESO and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) a copy of the Declaration of Trust certified by an Authorized Officer of the Issuer;

(v) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(vi) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(b)(vi);

(vii) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Administration Agent and the Funding Agents;

(viii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(ix) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(c) The representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(d) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(e) After giving effect to the purchase, the covenant of the Issuer in Section 6.1(d) will be satisfied.

(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full [**(or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made)**]. [**NTD**: to be discussed]

(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed; and

(e) after giving effect to the Increase, the Rating Agency Condition will be satisfied.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will, at all times, cause the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be not less than [49]% of the aggregate outstanding principal amount of all Issuer Funding Obligations.

(e) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(f) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(g) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

ARTICLE 7
AGENTS

7.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other

powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If ● shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent

has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture.

7.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to

ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 8.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 8.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to or concurrently with the effectiveness of any such assignment (or if impracticable, immediately thereafter), the assigning CP Conduit Purchaser shall notify the Administrative Agent and the Issuer. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all

distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement, substantially in the form of Exhibit H (the "**Transfer Supplement**"), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment Amount with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), (x) to a

multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Exhibit I (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Asset.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent, the Issuer or the Administrator; provided that no such pledge or grant of a security interest shall release a Non-Conduit Purchaser or an Group Bank

from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

8.2 Waiver

Without limiting the requirements of Section **[11.02]** of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article **[15]** of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

- ●

8.4 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

8.5 Entire Agreement

This Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter

hereof except as specifically set forth in this Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements.

8.6 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

8.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section **[7.06]** (Payments Held in Trust), Section **[8.12]** (Limitation on Suits), Sections **[7.04 and 8.13]** (Payment Priorities), Section **[8.14]** (Limited Recourse) and Section **[16.01]** (No Petition).

8.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 8.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the

existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

8.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

8.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that ● Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for

the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.13 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by email or other electronic transmission of a manually signed counterpart.

8.14 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Trust Indenture as of the date first above written.

[FAIR HYDRO TRUST], as Issuer

ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

● **TRUST COMPANY OF CANADA**, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

●,

By: _____
Name:
Title:

[NTD: Detailed signing pages to be prepared.]

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means the outstanding Dollar Principal Amount of all Funding Obligations of the Series 2017-1 Senior Notes have been declared or automatically become due and payable pursuant to Section **[8.02]** of the Trust Indenture.

"**Administrative Agent**" shall have the meaning specified in the preamble to this Supplemental Indenture.

"**AEOI Legislation**" has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (c) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Basel III**" means the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled "A Global Regulatory Framework for More Resilient Banks and Banking Systems" developed by the Basel Committee on Banking Supervision, initially published in December 2010, as updated from time to time, and any rules, regulations, guidance, requests, interpretations or directives from any Official Body relating thereto (whether or not having the force of law).

"**Billing Period**" has the meaning specified in the Master Transfer and Servicing Agreement;

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000

definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

"**Code**" is defined in Section 3.10(a).

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default shall have been declared or automatically occurred.

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 8.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed

Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having short-term debt ratings of at least "A-1" from Standard & Poor's and "P-1" from Moody's.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" shall have the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**FATCA**" has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Fee Letter**" means the letter dated the date hereof, from the Issuer addressed to the Administrative Agent, each Non-Conduit Purchaser and each of the CP Conduit Purchasers, the Funding Agents and the Group Banks, setting forth certain fees payable from time to time to the Purchaser Groups, as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 8.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit

Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 8.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Billing Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 8.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such GP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ●.

"**Issuer indemnified person**" is defined in Section 3.8.

"**Issuer indemnified person**" is defined in Section 3.8

"**Manager Indemnity**" means an indemnity agreement from the Manager in favour of the Purchaser Groups, the Funding Agents and the Administrative Agent with respect to losses resulting from the failure of the Issuer to perform its obligations under the Program Agreements other than losses resulting from insufficient funds being transferred to the Issuer, in form and substance satisfactory to the Purchaser Groups, the Funding Agents and the Administrative Agent.

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 8.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) **[10]**% of the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date. [**NTD: The percentage in (a)(x) above is intended to represent the non-deferrable amount.]**

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by ● from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ● as its "prime rate."

"**Principal Accumulation Amount**" means, in respect of each Payment Date occurring on or after the Principal Accumulation Date, an amount equal to the lesser of (x) $●, and (y) the Series 2017-1 Principal Amount.

"**Principal Accumulation Date**" means the Payment Date occurring in the month of ●, [2021].

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Notes:

(a) on any Payment Date that is a Decrease Date before the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Decrease Amount of the Decrease occurring on such Payment Date;

(b) on any Payment Date that is not a Decrease Date before the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, nil; and

(c) on any Payment Date occurring on or after the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by Funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 8.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the

reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, ●, as such date may be extended in accordance with Section 3.5(c). [**NTD: two years out.]**

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Principal Payment Due Date**" means ●. [**NTD: the date upon which the Series 2017-1 Senior Notes become due and payable – a date after May 1, 2021?**]

"**Series 2017-1 Principal Payment Default Date**" means ●. [**NTD: the "cure period" number of days after the Series 2017-1 Principal Payment Due Date when an Event of Default will occur if the Series 2017-1 Senior Notes are not paid in full.]**

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Standard & Poor's**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Termination Event**" means any Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 8.1(c).

"**Transferee**" is defined in Section 8.1(g).

"**Trust Indenture**" means the trust indenture dated as of ●, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 SENIOR NOTE

●

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

PURCHASER GROUPS

●

From:	Anna Strathy on behalf of Serge Imbrogno (ENERGY)
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Martin Schlaepfer (MOF); Ronald Kwan; Francesca Bungaro-Yemec (ENERGY); Ken Kandeepan; Steen Hume (CAB); Mike Manning; Hilary Cox (ENE); HARTWICK Ken -FINANCE; "LEE John -TREASURY"; "jeffrey.lyash@opg.com"; catriona.king@opg.com; "HOILETT Rosemarie -PRESIDENT"; Scott Thompson (CAB); Gadi Mayman; Anna Strathy; David McLean (MOF); Helen Angus (MOHLTC); Kyle MacIntyre (MOF)
Cc:	Usman Zahid
Subject:	FW: Joint Ministers Briefing | OFHP

-----Original Appointment-----
From: Imbrogno, Serge (ENERGY) [mailto:Serge.Imbrogno@ontario.ca]
Sent: Monday, November 27, 2017 1:32 PM
To: Imbrogno, Serge (ENERGY); Martin Schlaepfer (MOF); Francesca Bungaro-Yemec (ENERGY); Steen Hume (CAB); Hilary Cox (ENE); HARTWICK Ken -FINANCE; 'LEE John -TREASURY'; 'jeffrey.lyash@opg.com'; catriona.king@opg.com; 'HOILETT Rosemarie -PRESIDENT'; Scott Thompson (CAB); Gadi Mayman; Anna Strathy; David McLean (MOF); Helen Angus (MOHLTC); Kyle MacIntyre (MOF)
Subject: Joint Ministers Briefing | OFHP
When: Wednesday, November 29, 2017 12:00 PM-1:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Room 263, Main Legislative Building

From:	Hanslep, Malle (MOF)
To:	Ken Kandeepan; Mike Manning; Ronald Kwan; John Kim
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: OPG Financing Plan
Date:	Monday, November 20, 2017 8:36:04 AM

Hi - Here is a comment on the financing plan that we passed on to Energy Legal. I don't know how comments are being coordinated or collected.

-----Original Message-----
From: Hanslep, Malle (MOF)
Sent: November 20, 2017 8:30 AM
To: Thouin, Alena (ENERGY)
Cc: Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)
Subject: RE: OPG Financing Plan

Hi Alena,

I don't know how comments are being sent back on this but the description of the Protection Agreement on p. 17 is not accurate and needs to be updated. The Protection Events described could be refined somewhat and the last paragraph also needs to be revised so it is consistent with the wording of the protection agreement. I made a start below but I think it's a bit challenging to describe it concisely.

Upon the occurrence of a protection event, the Province is required to pay amounts as they come due under the Trust Indenture on Approved Obligations] if there has been no acceleration prior to the protection event and if there has been acceleration of payments, the payments are limited to the Clean Energy Adjustment payable...
Following the occurrence of a protection event the Province may elect (but not is not obligated) to assume directly the Trust's obligations .

Malle

-----Original Message-----
From: Thouin, Alena (ENERGY)
Sent: November 16, 2017 10:51 AM
To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)
Subject: OPG Financing Plan

We have some comments, I know clients will be organizing some type of call to discuss, which I am sure we will get looped into.

I do have a question, Steve, what are your thoughts on the 15 years issue (once you had a chance to read)?

From:	Anna Strathy
To:	Ronald Kwan; Ken Kandeepan; Mike Manning
Cc:	Gadi Mayman; Gavin He
Subject:	FW: Provincial Protection Agreement - Final
Date:	Tuesday, September 19, 2017 1:50:21 PM
Attachments:	TB20 Submission_Provincial Protection Agreement_V9_clean.pdf TB20 Submission_Provincial Protection Agreement_V9_track_change.pdf

FYI, final TB submission package attached. The DM/Minister briefing has been scheduled for Thursday morning at 9am; however, I'm looking to have it moved to today or tomorrow to accommodate Gadi's schedule. I'll be in touch if we are successful in rescheduling.

From: Anna Strathy
Sent: Tuesday, September 19, 2017 1:46 PM
To: Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>
Cc: David McLean (MOF) <David.McLean@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Provincial Protection Agreement - Final

Jonathan, Keley, Anthony,

Please find attached the final TB submission for the Provincial Protection Agreement tracking to TB/MBC on September 25. The first attachment (v9_clean) includes the submission, term sheet (in appendix), OIC, s. 28 and slide deck.

I'm bringing the hard copy package over to Legal for signature and then will drop it off to Jonathan. Note, Keley will share with Energy. A track change version (from the version the Minister of Energy already signed) is attached for Keley's reference.

Anthony, I take it you will be bringing the TB20 form to the briefing for the Minister to sign?

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

PROVINCIAL PROTECTION AND ASSURANCES AGREEMENT

1. PROGRAM/BRANCH: Ontario Financing Authority

2. SUMMARY OF REQUEST:

Provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by one or more financing entities established by Ontario Power Generation Inc. pursuant to s. 22 of the *Ontario Fair Hydro Plan Act, 2017* ("OPG Financing Entities"), that, under certain circumstances as set out in the proposed arrangements the Province would pay when due amounts in respect of the obligations of the Financing Entity.

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) Approve that the Minister of Finance and Minister of Energy, on behalf of Ontario, provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend that Cabinet approve an Order in Council, to be made under subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

3. BACKGROUND:

On March 2, 2017, the government announced its proposed Ontario's Fair Hydro Plan (OFHP) to lower electricity bills by 25%, on average, for a typical residential consumer, and holding increases to the rate of inflation for four years. As part of OFHP, it was announced that a portion of the Global Adjustment (GA) would be refinanced in order to fairly allocate costs across present and future generations of electricity consumers with respect to investments made to decarbonize (i.e., phase-out coal) and modernize Ontario's electricity system (i.e., build and maintain a reliable electricity system). This would be achieved by spreading the cost of electricity investments so that they are shared proportionately by future consumers who cause a need for, or benefit from, the province's multi-billion dollar investments in electricity infrastructure.

To this end, immediate rate relief to eligible ratepayers is provided by deferring and spreading the cost recovery of electricity investments over a longer period of time. Under forecasts provided by the Ministry of Energy at the time of the OFHP announcement in March, the immediate reduction would be about $2.5 billion per year on average over the first ten years. The Ministry of Energy will report back to TB/MBC in fall 2017-18 with an update on out-year projections following analysis on rate applications before the Ontario Energy Board.

Under the *Ontario Fair Hydro Plan Act, 2017,* (the "OFHPA"), which enables GA Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected over four years. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset". The OFHPA provides for the IESO to sell all or a portion of the regulatory asset; i.e., the right to recover those deferred amounts from specified consumers in the future. Under the OFHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the OFHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly, the Province) from the capital markets; however, OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the OFHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations;
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or unenforceable; and
- Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations.

In the event the protection agreement is triggered, the Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers.

In addition, the Province would also have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged.

Section 28 of the *Financial Administration Act (FAA), 1990* requires that the Minister of Finance's approval is obtained before a ministry seeks an Order in Council (OIC) to enter into a guarantee or indemnity that would increase the contingent liabilities of Ontario. The Minister of Finance has given Section 28 approval for the Minister of Energy, together with the Minister of Finance to recommend the OIC to Cabinet and will, acting together with the Minister of Energy, determine the terms and conditions of and execute the proposed guarantee/indemnity in accordance with the OIC, if approved.

5. ADMINISTRATIVE IMPACTS:

To be managed by existing staff.

6. RISKS:

If the protection agreement is not approved, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from IESO or the cost of the financing will be potentially materially greater than it otherwise would be.

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of the OFHP and peak at an estimated $24B to $26B of debt (final cost forecasts TBC), including principal and accumulated interest.

In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time. The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

While it is difficult to estimate the actual impact to the Province's interest on debt (IOD) expense, the worst case scenario would be the Province assuming the debt at its peak. If so, IOD expense may increase between $0.8B and $1.3B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.

It is important to note that, if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (IOD expense) will depend on whether or not some portions of the OFHPA continue in some form, or not. If the payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used. Also, debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

7. COMMUNICATION PLAN

Key Messages

- Ontario's Fair Hydro Plan has resulted in the biggest electricity rate reduction in Ontario's history.

- We have heard from Ontarians across the province that the price of electricity has risen too quickly, which is why we moved forward with a plan to ensure the costs are shared more evenly over the years ahead.
- The government is following through on its commitment to balance the books as announced in its 2017 Budget, while continuing to make investments in priority areas such as electricity price relief.

Strategic Approach

- Low-profile, reactive and targeted to industry stakeholders and government employees as necessary. Reactive messaging contingent upon legislative changes only with back-pocket QAs to support as needed.
- Communications support will continue to be led by the Ministry of Energy.

8. RECOMMENDATION

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017*, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends the Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council

	makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*); (5) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that [materially][1] and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][2] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that [materially][3] and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity.

[1] Under consideration to assess the marketability implications of materiality threshold.

[2] Under consideration to assess the marketability implications of this phrase.

[3] See footnote 1, above.

Optional Assumption:	At any time following the occurrence of a Protection Event, the Obligor shall be entitled (but not obligated) to assume the Financing Entity's obligations in respect of Specified Claims as obligor and debtor. The Financing Entity (including through the Financial Services Manager) will ensure that Specified Claims permit such an assumption by the Obligor without any penalty or make-whole payment (or, in the case of any contract for the provision of on-going services to the Financing Entity, the satisfaction and termination of the Specified Claims without any acceleration of future fees, profits or other like amounts), or any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

Ontario

Executive Council of Ontario
Order in Council

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Conseil exécutif de l'Ontario
Décret

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "Act"), the Lieutenant Governor in Council may by order authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest as described under the Act;

AND WHEREAS pursuant to subsection 22(2) of the Act, Ontario Power Generation Inc. as financial services manager, may establish or cause to be established one or more financing entities (a "Financing Entity") that may incur funding obligations in connection with investment interests;

AND WHEREAS it is considered desirable to authorize the Minister of Energy and the Minister of Finance to agree to guarantee or indemnify debts, obligations, securities or undertakings of a Financing Entity associated with investment interests acquired by a Financing Entity;

NOW THEREFORE:

1. Pursuant to subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017*, the Minister of Energy and the Minister of Finance, acting together on behalf of Ontario, are authorized to enter into one or more agreements to guarantee or indemnify the debts, obligations securities or undertakings of a Financing Entity associated with investment interests acquired by a Financing Entity.

2. The Minister of Energy and the Minister of Finance, acting together on behalf of Ontario are authorized to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee and indemnity authorized under paragraph 1 of this Order.

- - - - - - -

ATTENDU QU'en vertu du paragraphe 5 (3) de la *Loi de 2017 sur le Plan ontarien pour des frais d'électricité équitables* (la « Loi »), le lieutenant-gouverneur en conseil peut, par décret, autoriser le ministre de l'Énergie et le ministre des Finances, agissant de concert au nom de la province, à accepter de garantir ou de rembourser les dettes, obligations, valeurs mobilières ou engagements associés à une participation d'investissement et prévus dans la Loi;

ATTENDU QU'en vertu du paragraphe 22 (2) de la Loi, Ontario Power Generation Inc., en tant que gestionnaire des services financiers, peut créer ou faire créer une ou plusieurs entités de

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: Tobias Whitfield

Telephone/Téléphone: 416-325-1456

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le : _____

Secretary/Secrétaire: _____

financement (une « entité de financement ») qui peuvent contracter des obligations de financement dans le cadre de la participation d'investissement;

ATTENDU QU'il est jugé souhaitable d'autoriser le ministre de l'Énergie et le ministre des Finances à accepter de garantir ou de rembourser les dettes, obligations, valeurs mobilières ou engagements d'une entité de financement qui sont associés à une participation d'investissement acquise par cette dernière;

EN CONSÉQUENCE :

1. En vertu du paragraphe 5 (3) de la *Loi de 2017 sur le Plan ontarien pour des frais d'électricité équitables*, le ministre de l'Énergie et le ministre des Finances, agissant de concert au nom de la province, sont autorisés à accepter de garantir ou de rembourser les dettes, obligations, valeurs mobilières ou engagements d'une entité de financement qui sont associés à une participation d'investissement acquise par cette dernière.

2. Le ministre de l'Énergie et le ministre des Finances, agissant de concert au nom de la province, sont autorisés à fixer les conditions et le plafond de la garantie ou du remboursement qu'autorise l'article 1 du présent décret.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Recommended: Minister of Energy
Recommandé par : Le ministre de l'Énergie

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

Ministry of Finance
Office of the Minister

Ministère des Finances
Bureau du ministre

Ontario

7th Floor, Frost Building South
7 Queen's Park Crescent
Toronto ON M7A 1Y7
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Toronto ON M7A 1Y7
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Télécopieur: 416-325-0374

Approval pursuant to section 28 of the *Financial Administration Act*

For the purpose of subsection 28(1) of the *Financial Administration Act*, I hereby approve the Minister of Energy and Minister of Finance seeking approval from the Lieutenant Governor in Council for the attached recommendation for an order in council pursuant to section 5(3) of the *Ontario Fair Hydro Plan Act, 2017*.

Minister of Finance

Provincial Protection and Assurances Agreement

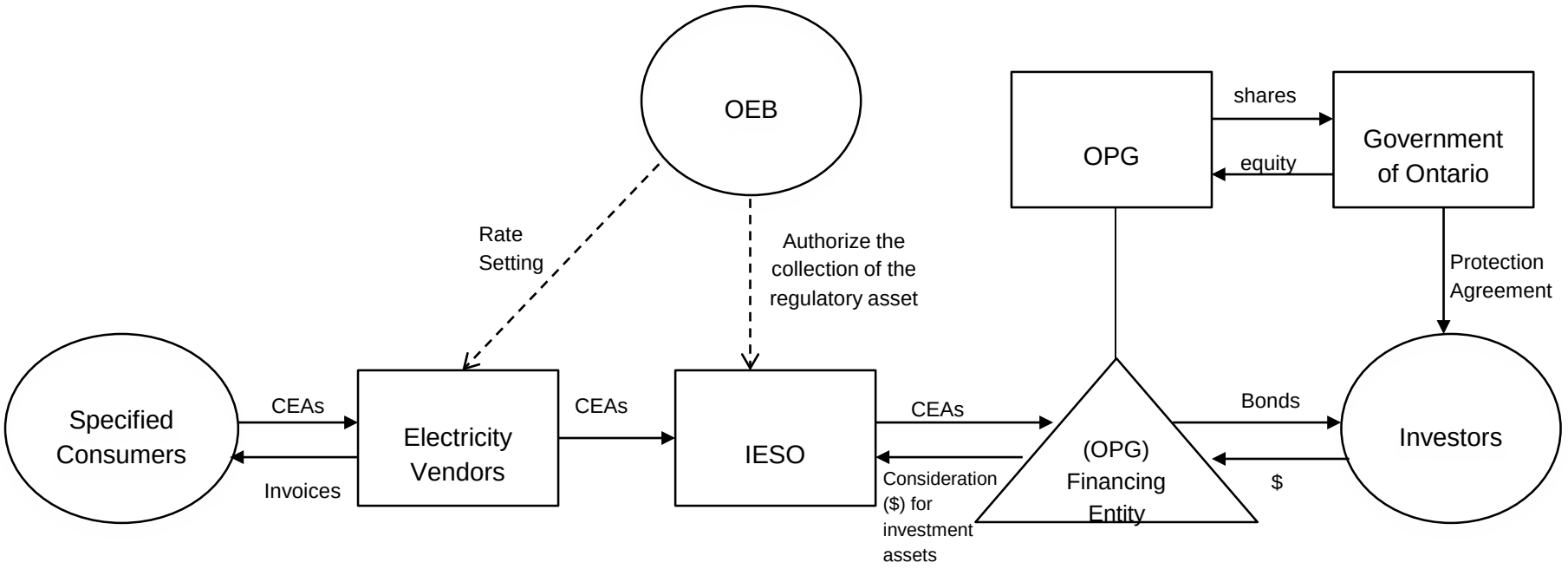
September 19, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Background

- The *Ontario Fair Hydro Plan Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset to recover the balance in the variance account
    - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
    - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
    - The Financing Entity will purchase the regulatory asset, effectively financing the shortfall in current rates not received from ratepayers
- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- OPG has requested that the Province provide a protection agreement that supports the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would take over the funding obligations of the Financing Entity

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provisions Under the Act

- As contemplated under the Act, OPG is requesting a Provincial commitment to support the planned Financing Entity's ability to borrow to finance the deferral of global adjustment amounts in certain limited circumstances
- Under s.5(3) of the OFHP Act,
  - *The LGIC may by order,*
    - *Authorize the Minister (of Energy) and the Minister of Finance, acting together on behalf of the Province,*
      - *To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and*
      - *To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity*
    - *Specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance*
    - *Specify a maximum liability for the guarantee or indemnity*

Provincial Protection Agreement

- OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:
    - Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the *Ontario Fair Hydro Plan Act, 2017*, or new legislation that adversely affect the Financing Entity
    - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
    - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.
- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
    - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access US market as investors in that market will likely require additional compensation if the assumption agreement is triggered

Considerations

- If a protection agreement is not provided, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from the IESO or the cost of the financing will be potentially materially greater than it otherwise would be
- If a protection agreement is provided, the Province takes on a contingent liability
  - The creation of a contingent liability will not currently affect net debt
  - The amount of the contingent liability will increase over the duration of the Fair Hydro Plan and peak at an estimated $24B to $26B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
  - IOD expense may increase between $0.8B and $1.3B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Proposed Minute

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

a) Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   i. to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and

   ii. to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

~~CHANGE OF LAW~~PROVINCIAL ~~-~~PROTECTION AND ASSURANCES AGREEMENT

1. PROGRAM/BRANCH: Ontario Financing Authority

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(a) ~~Authorize~~ Approve that the Minister of Finance and Minister of Energy, on behalf of Ontario, provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend ~~to~~ that Cabinet approve an Order in Council, to be made under subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

3. BACKGROUND:

On March 2, 2017, the government announced its proposed Ontario's Fair Hydro Plan (OFHP) to lower electricity bills by 25%, on average, for a typical residential consumer, and holding increases to the rate of inflation for four years. As part of OFHP, it was announced that a portion of the Global Adjustment (GA) would be refinanced in order to fairly allocate costs across present and future generations of electricity consumers with respect to investments made to decarbonize (i.e., phase-out coal) and modernize Ontario's electricity system (i.e., build and maintain a reliable electricity system). This would be achieved by spreading the cost of electricity investments so that they are shared proportionately by future consumers who cause a need for, or benefit from, the province's multi-billion dollar investments in electricity infrastructure.

To this end, immediate rate relief to eligible ratepayers is provided by deferring and spreading the cost recovery of electricity investments over a longer period of time. Under forecasts provided by the Ministry of Energy at the time of the OFHP announcement in March, the immediate reduction would be about $2.5 billion per year on average over the first ten years. The Ministry of Energy will report back to TB/MBC in fall 2017-18 with an update on out-year projections following analysis on rate applications before the Ontario Energy Board.

Under the *Ontario Fair Hydro Plan Act, 2017,* (the "OFHPA"), which enables GA Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected over four years. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset". The OFHPA provides for the IESO to sell all or a portion of the regulatory asset; i.e., the right to recover those deferred amounts from specified consumers in the future. Under the OFHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the OFHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly, the Province) from the capital markets; however, OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a ~~change of law~~ protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the OFHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations;
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or unenforceable; and
- ~~[~~Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations. ~~*Note: this third protection event is not included in the current draft of the term sheet agreed to by Ministry of Finance staff; however, OPG is expected to continue to negotiate for its inclusion. It has been included in the TB submission, but may be removed once negotiations are complete, prior to TB/MBC consideration of this item on September 26, 2017.*~~]

In the event the protection agreement is triggered, the Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers.

In addition, the Province would also have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged.

Section 28 of the *Financial Administration Act (FAA), 1990* requires that the Minister of Finance's approval is obtained before a ministry seeks an Order in Council (OIC) to enter into a guarantee or indemnity that would increase the contingent liabilities of Ontario. ~~In this case, t~~The Minister of Finance has given Section 28 approval for the ~~, together with the~~ Minister of Energy, together with the Minister of Finance to~~, is~~ recommend~~ing~~ the OIC to Cabinet and will, acting together with the Minister of Energy, determine the terms and conditions of and execute the proposed guarantee/indemnity in accordance with the OIC, if approved.

5. ADMINISTRATIVE IMPACTS:

To be managed by existing staff.

6. RISKS:

If the protection agreement is not approved, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from IESO or the cost of the financing will be potentially materially greater than it otherwise would be.

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of the OFHP and peak at an estimated $24B to $26B of debt (final cost forecasts TBC), including principal and accumulated interest.

In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time. The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

While it is difficult to estimate the actual impact to the Province's interest on debt (IOD) expense, the worst case scenario would be the Province assuming the debt at its peak. If so, IOD expense may increase between $0.8B and $1.3B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.

It is important to note that, if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (IOD expense) will depend on whether or not some portions of the OFHPA continue in some form, or not. If the payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used. Also, debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

7. COMMUNICATION PLAN

Key Messages

- Ontario's Fair Hydro Plan has resulted in the biggest electricity rate reduction in Ontario's history.
- We have heard from Ontarians across the province that the price of electricity has risen too quickly, which is why we moved forward with a plan to ensure the costs are shared more evenly over the years ahead.
- The government is following through on its commitment to balance the books as announced in its 2017 Budget, while continuing to make investments in priority areas such as electricity price relief.

Strategic Approach

- Low-profile, reactive and targeted to industry stakeholders and government employees as necessary. Reactive messaging contingent upon legislative changes only with back-pocket QAs to support as needed.
- Communications support will continue to be led by the Ministry of Energy.

8. RECOMMENDATION

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) ~~Authorize~~ Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017*~~Ontario Fair Hydro Act~~, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and

(ii) to determine terms and conditions of the guarantee or indemnity

and the maximum liability for the guarantee or indemnity.

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding ~~on the parties~~.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends the ~~General~~ Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are

	appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*);~~,~~ (5) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that [materially][1] and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][2] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that [materially][3] and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

[1] Under consideration to assess the marketability implications of materiality threshold.

[2] Under consideration to assess the marketability implications of this phrase.

[3] See footnote 1, above.

Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity ~~and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent~~.
Optional ~~Replacement~~Assumption:	At any time following the occurrence of a Protection Event, the Obligor shall be entitled (but not obligated) to assume the Financing Entity's obligations in respect of Specified Claims as obligor and debtor. The Financing Entity (including through the Financial Services Manager) will ensure that Specified Claims permit such an assumption by the Obligor without any penalty or make-whole payment (or, in the case of any contract for the provision of on-going services to the Financing Entity, the satisfaction and termination of the Specified Claims without any acceleration of future fees, profits or other like amounts), or any requirement for further consent, approval or agreement.~~At any time following the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable, the Obligor shall be entitled (but not obligated) to replace the Financing Entity as obligor and debtor and directly assume all of the Financing Entity's outstanding obligations and liabilities. The Financing Entity (including through the Financial Services Manager) will ensure that any obligation and liabilities undertaken or assumed by it will by their terms permit such a replacement and assumption (or, if applicable, satisfaction and termination) by the Obligor without additional cost or penalty and without any requirement for further consent, approval or agreement.~~
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.

Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity. ~~The Change of Law Protection Agreement will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Protection Agreement applies to such Specified Claim.~~ ~~The Change of Law Protection Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Protection Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims.~~ ~~The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.~~
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

From:	Ronald Kwan
To:	John Kim
Subject:	FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Wednesday, September 20, 2017 12:06:41 PM
Attachments:	4 RAN MOF ENERGY - Change of Law Protecition Agreement v4 (MOF ENE com_OPCD.doc

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From: Veinot, Cindy (TBS) [mailto:Cindy.Veinot@ontario.ca]
Sent: September-20-17 12:00
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; James Strang (MOF) <James.Strang@ontario.ca>
Cc: Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Attached are my suggested edits -- Cindy

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: September 20, 2017 11:00 AM
To: Strang, James (TBS)
Cc: Veinot, Cindy (TBS); Hosick, Sarah (TBS); Kwan, Ronald (OFA); Malekzadeh, Afshin (TBS); Skubel, Chris (TBS); Komal, Indira (TBS); Wichenko, Lenna (TBS); Kaufman, Paul (TBS); Smook, Nick (TBS); Reiss, Anthony (MOF); Gounden, Pratima (ENERGY); Kandeepan, Ken (OFA); Mayman, Gadi (OFA); Manning, Mike (OFA)
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi James,

Please find attached, consolidated comments and edits from the OFA, Energy, and MOF Legal, as well as responses to your questions, below.

Please don't hesitate to contact me should you have any questions.

Thanks, Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Tuesday, September 19, 2017 9:36 AM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY)

<Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi,

Attached is a draft TB/MBC note based on draft submission version 8 (also attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.

Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

- Draft sub takes about a Change of Law Protection Agreement and identifies three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify. The working title of the agreement is the Provincial Protection Agreement; however it is still subject to change.
    - Regarding the third trigger, is this in or out? If in, is there any consideration being given to the Province to narrow the very broad scope? The third trigger is in and it's been narrowed to ensure only a change that adversely impacts the ability of the Financing Entity to collect payments would trigger the protection agreement.
- What are derivative agreements? Payments under derivative agreements? Derivatives agreements are financial contracts entered into by parties to hedge financial risk associated with borrowing for example. In this particular circumstances, the Financing Entity might enter into interest rate swap agreements to hedge the interest rate payable on its issued debt.
- Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market? The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in

advance, setting a maximum amount of debt that may be issued within a period.

- Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does the requested minute cover off s28 FAA? The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the 2 Ministers seeking the OIC in the form attached. The Minister of Finance will also be requested to approve under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

Thanks in advance,

James Strang
416-327-2071

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	TREASURY BOARD / MANAGEMENT BOARD OF CABINET REQUEST ASSESSMENT NOTE	
	Ministry:	Energy & Finance
	Meeting Date:	September 26, 2017
	Agenda Class:	Discussion (In-Camera)
	Last reviewed by: ENERGY TB/MBC May 9, 2017	**Tracking to:** Fast Track Cabinet (September 27, 2017)

SUBMISSION TITLE:	Change of Law Protection Agreement (Supports Ontario's Fair Hydro Plan implementation)

I. DECISION BEFORE THE BOARD

Approve the Ministries plan for implementing provisions within the *OOntario Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc.

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II. RECOMMENDATIONS

Approve the plan for implementing provisions of the ~~Ontario~~ *Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc (OPG). – Under certain circumstances, the Province would pay when due amounts in respect of the obligations of the Financing Entity (Established by OPG)	*Approve*
Authorize that the Minister of Finance and Minister of Energy ~~to~~ provide a protection agreement, to be authorized by Order in Council under the ~~Ontario~~ *Fair Hydro Plan Act, 2017*(FHPA). – In respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two Ministers acting together may determine	*Authorize*
Recommend that Cabinet approve an Order in Council (OIC), in accordance with section 5 of the ~~Ontario~~ *Fair Hydro Plan Act, 2017* (FHPA) that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province, – ~~to~~ To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and – ~~to~~ To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.	*Recommend*

Commented [ESP1]: This item is not up for approval per the TB Sub.

III. FINANCIAL SUMMARY

$ Millions	**2017-18**	**2018-19**	**2019-20**
Initiative cost requested	0.0	0.0	0.0
Initiative cost recommended	0.0	0.0	0.0

Recommended program base	0.0	0.0	0.0
Offset Recommended	0.0	0.0	0.0
Total Fiscal Impact	0.0	0.0	0.0

IV. KEY COMMENTS AND CONSIDERATIONS

Under the ~~Ontario~~ *Fair Hydro Plan Act, 2017*, (~~O~~FHPA), which enables Global Adjustments (GA) Refinancing, the Independent Electricity System Operator (IESO) will ~~have~~ incur a cash shortfall, as the amounts collected from the consumers of electricity (e.g. the local distribution companies) will be reduced, but the amounts paid to the generators of electricity will remain at the market and/or contractual rates.~~a funding gap resulting from the reduction in amounts collected~~. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset".

The ~~O~~FHPA provides for ~~the~~ IESO to sell all or a portion of the Regulatory Asset (i.e., to sell the right to recover those deferred amounts from specified consumers in the future). Under the ~~O~~FHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the ~~O~~FHPA) will have the right, but not the obligation to purchase the regulatory asset, effectively financing the shortfall ~~in~~ generated by the reduction in current ~~rates not received from the~~for eligible ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity ~~must~~ will borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly the Province) from the capital markets.

OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a ~~change of law~~ protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

- Providing this~~, in a May 2017 TB/MBC item reviewing proposed FHPAOntario Fair Hydro Plan legislation,~~ through Provinci~~al~~e assurance and guarantee provisions~~,~~ was recommended in a May 2017 TB/MBC item reviewing proposed FHPA.

What would trigger the protection agreement?

Ontario Financing Authority (OFA), the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances (Appendix C provides the non-binding term sheet):

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the ~~O~~FHPA/related regulations or new legislation that materially and adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or ~~*unenforceable*~~*ultra vires*; and
- A change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province that materially and , adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investment interest so that it can pay its funding obligations~~Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on~~

Commented [VC(2]: Not sure that this is consistent with OPG advice, and I'm not sure it matters

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its investment interest such that it can pay its specified creditors, including making payments on its debt obligations.

Note: this third protection event is not included in the current draft of the term sheet agreed to by Ministry of Finance staff; however, OPG is expected to continue to negotiate for its inclusion. It has been included in the TB submission, but may be removed once negotiations are complete, prior to TB/MBC consideration of this item on September 26, 2017.]

….the third bullet isn't change of Law related?…

Commented [AS3]: May or may not be the result of a change of law.

Financial:

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability contingent liability would increase over the duration of Ontario's Fair Hydro Plan (OFHP) the OFHP and peak at approximately $20B an estimated $24B to $26B of debt (final cost forecasts TBC), including principal and accumulated interest.

Commented [HS(4]: This is inconsistent with the Aug 31 Submission

Thought the estimated debt # was lower?

- In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time, and depending on change, the province could incur an expense equivalent to the amount of the increase in the outstanding debt.
- The Province's interest payments will will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on related to derivatives agreements and for service providers that the Province will be required to make. The fiscal impact of the increased interest payments will depend on the circumstances of the change (e.g. will the amounts continue to be recovered from the ratepayers through the clean energy adjustment as provided for under the FHPA).

Financial (Risk) – In the event the protection agreement is triggered:

The Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers. This would likely have implications for the Province's fiscal plan and appropriation requirements.

- The Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time, and the Province may incur an expense equal to the amount of the debt.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. The worst case scenario would be the Province assuming the debt at its peak at which point interest on debt (IOD) expense could increase between $0.8B and $1.3B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.
- In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged. In addition, the Province would also have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

Commented [VC(5]: I understand this would require a change in legislation – may want to confirm with OFA.

The Ministries indicate that if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (Interest On Debt (IOD) expense) will depend on whether or not some portions of the

OFHPA continue in some form, or not.

- For example if the ~~If the~~ payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments, albeit not necessarily in the same fiscal period; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense as well as any continued impact of reduced electricity rates would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used.
- Debt incurred ~~to~~ for benefit the ratepayer could becomes the responsibility of the taxpayer.

Name of analyst:	James Strang	**Phone number:**	416-325-2071
Date:	September 18, 2017	**Log number:**	
Branch / Division:	GGPR / PEMD / Treasury Board Secretariat		

APPENDIX A: PROPOSED MINUTE (UNDER DEVELOPMENT)

Approve the Ministries plan for implementing provisions of the ~~Ontario~~ *Fair Hydro Plan Act, 2017* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc. In particular, that under certain circumstances the Province would pay when due amounts in respect of the obligations of the Financing Entity (Established by OPG).

In this regard,

i) Authorize that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the ~~Ontario~~ *Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out non-binding term sheet – Provincial Protection and Assurances Indicative Term Sheet including in the TB/MBC Submission, (… minuting an attachment?…or include key parameters in minute only, given request for the subject to revisions provision…) and subject to such revisions that the two ministers acting together may determine;

ii) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the FHPA~~Ontario Fair Hydro Act~~, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   a) ~~to~~ To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
   b) ~~to~~ To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

Commented [AS6]: Recommend referring to the attachment rather than key parameters (limit potential revisions to the term sheet)

Commented [VC(7]: This agreement is being approved prior to the commercial agreements being finalized, so from an accounting perspective, we do not have updated opinions/memos from KPMG re: IESO and EY re: OPG. I have asked the two CFOs to provide me with a summary of the work they have completed with their respective auditors by EOD tomorrow and we can insert that in the memo.

We may also want to include a report back to the Board once the accounting analysis is complete. That may also be an issue for the final legal and financing risks.

APPENDIX B: FINANCIAL TABLES

FINANCIAL IMPACTS: CHANGES TO EXPENSE AND REVENUE					TABLE B1
		Fiscal Plan Basis			*Appropriations Basis*
$ Millions		**2017-18**	**2018-19**	**2019-20**	**2017-18**
Initiative cost recommended					
Expense changes:					
	Oper				
Expense Offset:					
	Oper				
	Oper				
Total Fiscal Impact		0.0000	0.0000	0.0000	**0.0000**

APPENDIX C: EXCERPT FROM ~~ONTARIO~~ *FAIR HYDRO PLAN ACT, 2017*

Protection and assurances

Prohibition

5 (1) No action or omission by the Board, the Minister or the Crown shall be effective to reduce, impair, postpone or terminate the obligations of specified consumers to pay amounts in respect of the clean energy adjustment or to impair or postpone the invoicing, collection or remittance of the clean energy adjustment.

Agreements

(2) The Minister and the Minister of Finance may together, with the approval of the Lieutenant Governor in Council, enter into agreements on behalf of the Province of Ontario with any person in respect of this Act, including agreements regarding the performance of the IESO or electricity vendors under this Act or related transactions.

Guarantee, indemnification

(3) The Lieutenant Governor in Council may by order,

(a) authorize the Minister and the Minister of Finance, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity;

(b) specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance; and

(c) specify a maximum liability for the guarantee or indemnity.

APPENDIX D: NON-BINDING TERM SHEET

Commented [AS8]: Update to Sep 18 version

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the General Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council

	makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*), in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act or the Regulation is *ultra vires* in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent.

Optional Replacement:	At any time following the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable, the Obligor shall be entitled (but not obligated) to replace the Financing Entity as obligor and debtor and directly assume all of the Financing Entity's outstanding obligations and liabilities. The Financing Entity (including through the Financial Services Manager) will ensure that any obligation and liabilities undertaken or assumed by it will by their terms permit such a replacement and assumption (or, if applicable, satisfaction and termination) by the Obligor without additional cost or penalty and without any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The Change of Law Protection Agreement will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Protection Agreement applies to such Specified Claim. The Change of Law Protection Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Protection Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims. The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.

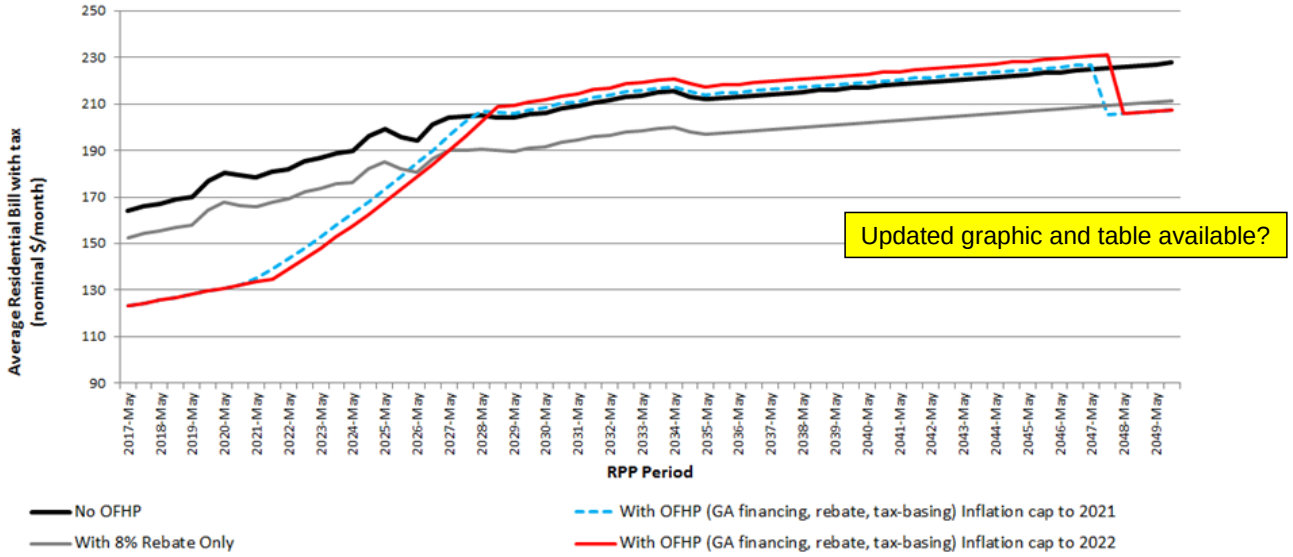
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

APPENDIX E: PROFILE GLOBAL ADJUSTMENT SMOOTHING FOR RPP – ELIGIBLE ONLY – MAY 2017 TB/MBC SUBMISSION

Commented [HS(9]: Recommend that we don't include this reference.

The following graphic and table shows the multi-year profile of the planned approach to GA Smoothing that was included with the May 2017 TB/MBC Submission. The table below supports the Ministries assessment that the potential contingent liability under the protection agreement over the duration of the OFHP would peak at an estimated $24M to $26B (subject to final cost forecasts TBC), including principal and interest.

Commented [ESP10]: These numbers and the table below are pending finalization of costs forecasts – this work is still ongoing with OPG.



Updated graphic and table available?

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Average monthly bill with OFHP ($/month)	124	126	129	131	137	146	155	165	176	187	199	207	207	209	212	214	216	216	214	215	216	217	219	220	221	222	223	224	225	226	216	206
Year-over-year change (%)	n/a	2.01	2.01	2.01	4.25	6.44	6.44	6.44	6.44	6.44	6.44	3.61	0.08	1.20	1.29	1.14	0.93	-0.04	-0.88	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	-4.37	-4.61
Impact of GA financing and tax-basing ($/month)	-29.9	-30.0	-35.0	-34.4	-28.8	-24.0	-17.8	-14.2	-3.3	3.4	12.2	16.4	16.5	16.7	16.9	17.1	17.2	17.1	17.0	17.1	17.2	17.3	17.4	17.5	17.6	17.6	17.7	17.8	17.9	18.0	-3.9	-4.0
Total accumulated debt ($B)	2.5	5.2	8.2	11.6	14.7	17.5	19.9	22.0	23.5	24.1	24.2	23.7	23.1	22.5	21.8	21.0	20.1	19.2	18.3	17.2	16.1	14.9	13.7	12.3	10.9	9.3	7.7	5.9	4.1	2.1	0.0	0.0
Total change in accumulated debt ($B)	2.5	2.6	3.0	3.5	3.1	2.8	2.4	2.0	1.6	0.6	0.1	-0.5	-0.6	-0.6	-0.7	-0.8	-0.8	-0.9	-1.0	-1.0	-1.1	-1.2	-1.3	-1.4	-1.4	-1.5	-1.6	-1.7	-1.9	-2.0	-2.1	0.0

Notes: Assumes 30 year financing period and a nominal interest rate of 5% (compounded monthly). Ratepayer GA payments increase annually beyond 2020 such that the average monthly residential electricity bill increases by 6.3% per year to a maximum of $2.2 billion above the true cost of GA in any given year to cap repayment charges at around 10% of total bill. IESO forecast is based on IESO's revised OPO forecast as of February 2017. Includes the cancellation of LRP II and EFW, expansion of ICI. Does not include smoothed OPG rates. Above residential bill is based on a 750 kWh per month Toronto Hydro customer. Data shown above is by RPP period. Assumes RPP prices are adjusted in July 2021 instead of May 2021 to coincide with the end of the inflation cap. Fair allocation amounts subject to third party review.

APPENDIX F: OVERVIEW OF RISKS

Prepared by TBS staff, the following chart, as part of the May 2017 OFHP implementation update focused on the proposed legislation. It provides an overview of strategic (versus operational) risks to inform the approval/decision making process regarding the proposed legislation. Each part, GA Partial Refinancing & Electricity social programs, is a separate table.

The current submission, ~~Change of Law~~ Provincial Protection Agreement, is reflected under the risk "Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding" (page 16) as part of risk mitigating strategy.

Commented [VC(11]: Page 17 now –

I think you need to make it clear that this table has not been updated since May or just include the relevant page.

Global Adjustment Partial Refinancing:

Objective: Provide immediate ratepayer relief by capping rate increases at Consumer Price Index (CPI) for four years and refinancing GA costs over a longer period of time. Develop and implement a financing structure that increases provincial borrowing, but has no impact on annual provincial surplus/deficit.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA smoothing being allocated to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there could be a negative impact on the province's fiscal plan up to $2.5B in 2017-18 and rising. • Rating agencies and investors in the Province's debt may view all of the borrowing as an obligation of the Province, especially taking into account the nature of provincial guarantees, which could put pressure on the Province's credit rating and overall borrowing capacity. • Proposed structure may result in a negative response from Ontario Auditor General (OAG) due to previous concerns regarding recognition of rate regulated assets and liabilities. The AG has already expressed concerns regarding the accounting treatment on the IESO's books which could lead to a qualification of the Province's consolidated financial statements. • Initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to justify structure of financial model and be utilized in discussions with the OAG. • Identify potential options to minimize the balance of rate regulated assets remaining on the IESO's books at fiscal year-end.

Risk	Level of Risk	Risk Response
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.
A legal determination that the Province is spreading the costs of GA financing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Medium **Risk Impact:** High **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and close monitoring of costs and changes in variables built into model. • Analyze the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Financing the costs of GA smoothing through OPG SPV/Trust and the volatility of interest rates may increase the cost of GA smoothing and/or require additional provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Moderate **Time Scale:** 12 to 24 months **Rationale** • The proposed structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on interest rate for borrowing, the amount of equity/funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the government to offset a part of the scheduled increases. • Risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's ratings and cost of borrowing.	Risk can be avoided by: • Province providing a potential guarantee for the cost of borrowing – however, would redirect risk back to the Province and negate benefits of proposed financing structure. Risk can be mitigated by: • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost. • Proposed legislation to enable GA refinancing has been draft with input from third-party financers. Provides a 'narrow' provincial guarantee and ensuring that debt holders have the right of action against a future government to recover the amount outstanding including interest, fees, expenses and any damages.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA Refinancing having a fiscal impact to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there would be a negative impact on the province's fiscal plan of up to $2.5B in 2017-18 and rising. • Rating agencies and investors in Province's debt may view all of the borrowing as an obligation of the Province, which could put pressure on the Province's credit rating and overall borrowing capacity. • The proposed structure may result in an opinion from the Ontario Auditor General (OAG) considering previous concerns regarding recognition of rate regulated assets and liabilities. The OAG may take this into account when the provincial books are audited. • An initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards. Additional analysis is still required.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to support discussions of the financial model with the OAG.
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.

Risk	Level of Risk	Risk Response
A legal determination that the Province is spreading the costs of GA refinancing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and ongoing monitoring of costs and changes in variables built into model. • Analysis of the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** 12 to 24 months **Rationale** • The proposed borrowing structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on the interest rate for borrowing, the amount of equity / funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • There is a risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's own ratings and cost of borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B (in the March 1, 2017 Cabinet Submission) is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the province to offset a part of the scheduled increases. • Fiscal impacts will be subject to fluctuations in Ontario electricity demand, GA and interests rates in the medium-to long term. As well as if a protection agreement is called upon: o OPG, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.	Risk can be mitigated by: • Providing a "provincial guarantee" for the cost of borrowing. • Drafting legislation to provide assurance to OPG and investors regarding the permanence of the GA refinancing framework and the authority of the legislation to pass the legislation; and enable the Province to guarantee borrowing of the trust in the event of a market disruption. • Specifics of a guarantee are dependent on the negotiation of agreements not yet initiated. Limiting triggers of a protection agreement to legislative (regulatory) changes and/or judicial decisions etc. • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost.

Electricity social programs (Enhancing Electricity Support & Conservation Programs):

Objective: Shift funding of existing and new electricity support programs (RRRP, OESP, Affordability Fund, First Nations Credit) from rate to tax base.

Risk	Level of Risk	Risk Response
Uncertainty in forecasting due to exposure to changes and/or volatility (i.e. interest rates, electricity usage patterns, and distribution costs) may result in higher than anticipated fiscal impacts for the Province.	**Risk Likelihood:** Possible **Risk Impact:** Major **Timescale:** 12 to 24 months **Rationale:** • The energy sector is complex and a number of key assumptions used as inputs into forecasting model are variables/forecasts themselves, resulting in a high inherent risk that cost estimates are inaccurate. • Fiscal projection is highly dependent on factors which can fluctuate from year to year, including: o electricity usage; o distributions costs; and o consumer consumption patterns that may change due to extreme weather or other factors. • Fiscal projection is subject to knowledge of future distribution costs and dependent on submission of cost of service applications by Hydro One and LDCs. o Enhanced RRRP may create disincentives from the eligible LDCs towards productivity and performance improvements and/or cause ineligible LDC's to drive up distribution costs to gain access to program.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the forecasting models.

From:	Ken Kandeepan
To:	John Kim; Ronald Kwan
Cc:	John Psinas
Subject:	FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Wednesday, September 20, 2017 10:41:50 AM
Attachments:	4 RAN MOF ENERGY - Change of Law Protecition Agreement v4 (MOF & ENE comments).doc

Hi

As a an addendum to my previous email, Gadi suggests that we limit the range from 4.2% to 5.0% and ignore the 3.5% which appears to be too low based on current rates. As such the range in the TB submission will be $0.8B to $1.0B.

Pls let me know if that works from your perspective.

Thanks

Ken k

From: Ken Kandeepan
Sent: Wednesday, September 20, 2017 10:21 AM
To: John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Ron and John

The previous IOD impact estimate that was also shared with the OAG assumed interest rates of 5.0, 4.2 and 3.5. At this point in time I don't believe there's much value added in a detailed assessment, rather a simple application of the max and the minimum to the peak debt of $20B should suffice. This translates into an IOD range of $0.7B to $1.0B (the reference is to be found on page 3 of the attached).

Thanks and pls let me know if this makes sense.

Ken k

From: Anna Strathy
Sent: Wednesday, September 20, 2017 10:11 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Ken,

Attached is the consolidated comments on the TBS analyst's note. At this morning's meeting with

Energy, MOF, and TBS, Steen confirmed that latest estimate for peak debt is $20B (not $24 to $26B as previously estimated). I expect this will impact our IOD estimate – would you be able to provide a revised estimate for IOD? It will need to be included in an updated submission for the Minister tomorrow.

Anna

From: Anna Strathy
Sent: Wednesday, September 20, 2017 6:49 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Gadi,

Attached for your review, is the TBS Assessment note, with comments and track changes from Energy (Steen's group), MOF Legal (Malle) and OFA (Ken and myself). We've also responded to a few of the analyst's questions below in red.

The only comment from Energy that will require follow-up is Steen's cost estimates (he recalls peak debt for the program at $20B whereas we have used the $24B to $26B estimate). I'll follow up with Energy and OFA staff on this.

Thanks, Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Tuesday, September 19, 2017 9:36 AM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi,

Attached is a draft TB/MBC note based on draft submission version 8 (also attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.

Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

- Draft sub takes about a Change of Law Protection Agreement and identifies three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify. The working title of the agreement is the Provincial Protection Agreement; however it is still subject to change.

    - Regarding the third trigger, is this in or out? If in, is there any consideration being given to the Province to narrow the very broad scope? The third trigger is in and it's been narrowed to ensure only a change that adversely impacts the ability of the Financing Entity to collect payments would trigger the protection agreement.

- What are derivative agreements? Payments under derivative agreements? Derivatives agreements are financial contracts entered into by parties to hedge financial risk associated with borrowing for example. In this particular circumstances, the Financing Entity might enter into interest rate swap agreements to hedge the interest rate payable on its issued debt.

- Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market? The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period.

- Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does the requested minute cover off s28 FAA? The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the 2 Ministers seeking the OIC in the form attached. The Minister of Finance will also be requested to approve under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

Thanks in advance,

James Strang
416-327-2071

	TREASURY BOARD / MANAGEMENT BOARD OF CABINET REQUEST ASSESSMENT NOTE	
	Ministry:	Energy & Finance
	Meeting Date:	September 26, 2017
	Agenda Class:	Discussion (In-Camera)
	Last reviewed by: ENERGY TB/MBC May 9, 2017	**Tracking to:** Fast Track Cabinet (September 27, 2017)

SUBMISSION TITLE:	Change of Law Protection Agreement (Supports Ontario's Fair Hydro Plan implementation)

I. DECISION BEFORE THE BOARD

Approve the Ministries plan for implementing provisions within the ~~O~~*ntario Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc.

II. RECOMMENDATIONS

Approve the plan for implementing provisions of the ~~*Ontario*~~ *Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc (OPG). – Under certain circumstances, the Province would pay when due amounts in respect of the obligations of the Financing Entity (Established by OPG)	*Approve*
Authorize that the Minister of Finance and Minister of Energy ~~to~~ provide a protection agreement, to be authorized by Order in Council under the ~~*Ontario*~~ *Fair Hydro Plan Act, 2017(FHPA).* – In respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two Ministers acting together may determine	*Authorize*
Recommend that Cabinet approve an Order in Council (OIC), in accordance with section 5 of the ~~*Ontario*~~ *Fair Hydro Plan Act, 2017 (FHPA)* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province, – ~~to~~ To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and – ~~to~~ To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.	*Recommend*

Commented [ESP1]: This item is not up for approval per the TB Sub.

III. FINANCIAL SUMMARY

$ Millions	**2017-18**	**2018-19**	**2019-20**
Initiative cost requested	0.0	0.0	0.0
Initiative cost recommended	0.0	0.0	0.0

Recommended program base	0.0	0.0	0.0
Offset Recommended	0.0	0.0	0.0
Total Fiscal Impact	0.0	0.0	0.0

IV. KEY COMMENTS AND CONSIDERATIONS

Under the ~~*Ontario*~~ *Fair Hydro Plan Act, 2017*, (~~O~~FHPA), which enables Global Adjustments (GA) Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset".

The OFHPA provides for ~~the~~ IESO to sell all or a portion of the Regulatory Asset (i.e., to sell the right to recover those deferred amounts from specified consumers in the future). Under the ~~O~~FHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the ~~O~~FHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly the Province) from the capital markets.

OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a ~~change of law~~ protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

- Providing this~~, in a May 2017 TB/MBC item reviewing proposed FHPAOntario Fair Hydro Plan legislation,~~ through Provinc~~ial~~ assurance and guarantee provisions~~,~~ was recommended in a May 2017 TB/MBC item reviewing proposed FHPA.

What would trigger the protection agreement?

Ontario Financing Authority (OFA), the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances (Appendix C provides the non-binding term sheet):

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the ~~O~~FHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or ~~*unenforceable*~~*ultra vires*; and
- A change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investment interest so that it can pay its funding obligations~~[Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations~~.

~~*Note: this third protection event is not included in the current draft of the term sheet*~~

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~~*agreed to by Ministry of Finance staff; however, OPG is expected to continue to negotiate for its inclusion. It has been included in the TB submission, but may be removed once negotiations are complete, prior to TB/MBC consideration of this item on September 26, 2017.]*~~

….the third bullet isn't change of Law related?…

Financial:

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of Ontario's Fair Hydro Plan (OFHP) ~~the OFHP~~ and peak at approximately $20B ~~an estimated $24B to $26B~~ of debt (final cost forecasts TBC), including principal and accumulated interest.

- In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

Financial (Risk) – In the event the protection agreement is triggered:

The Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers. This would likely have implications for the Province's fiscal plan and appropriation requirements.

- The Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. The worst case scenario would be the Province assuming the debt at its peak at which point interest on debt (IOD) expense could increase between $0.8B and $1.3B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.
- In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged. In addition, the Province would ~~also~~ have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The Ministries indicate that if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (~~Interest On Debt (~~IOD~~)~~ expense) will depend on whether or not some portions of the OFHPA continue in some form, or not.

- For example if the ~~If the~~ payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used.

Commented [AS2]: May or may not be the result of a change of law.

Commented [HS(3]: This is inconsistent with the Aug 31 Submission

Thought the estimated debt # was lower?

- Debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

Name of analyst:	James Strang	**Phone number:**	416-325-2071
Date:	September 18, 2017	**Log number:**	
Branch / Division:	GGPR / PEMD / Treasury Board Secretariat		

APPENDIX A: PROPOSED MINUTE (UNDER DEVELOPMENT)

Approve the Ministries plan for implementing provisions of the ~~Ontario~~ *Fair Hydro Plan Act, 2017* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc. In particular, that under certain circumstances the Province would pay when due amounts in respect of the obligations of the Financing Entity (Established by OPG).

In this regard,

i) Authorize that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the ~~Ontario~~ *Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out non-binding term sheet – Provincial Protection and Assurances Indicative Term Sheet including in the TB/MBC Submission, (… minuting an attachment?…or include key parameters in minute only, given request for the subject to revisions provision…) and subject to such revisions that the two ministers acting together may determine;

ii) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the FHPA~~Ontario Fair Hydro Act~~, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   a) ~~to~~ To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
   b) ~~to~~ To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

Commented [AS4]: Recommend referring to the attachment rather than key parameters (limit potential revisions to the term sheet)

APPENDIX B: FINANCIAL TABLES

FINANCIAL IMPACTS: CHANGES TO EXPENSE AND REVENUE					TABLE B1
		Fiscal Plan Basis			*Appropriations Basis*
$ Millions		**2017-18**	**2018-19**	**2019-20**	**2017-18**
Initiative cost recommended					
Expense changes:					
	Oper				
Expense Offset:					
	Oper				
	Oper				
Total Fiscal Impact		0.0000	0.0000	0.0000	**0.0000**

APPENDIX C: EXCERPT FROM ~~*ONTARIO*~~ *FAIR HYDRO PLAN ACT, 2017*

Protection and assurances

Prohibition

5 (1) No action or omission by the Board, the Minister or the Crown shall be effective to reduce, impair, postpone or terminate the obligations of specified consumers to pay amounts in respect of the clean energy adjustment or to impair or postpone the invoicing, collection or remittance of the clean energy adjustment.

Agreements

(2) The Minister and the Minister of Finance may together, with the approval of the Lieutenant Governor in Council, enter into agreements on behalf of the Province of Ontario with any person in respect of this Act, including agreements regarding the performance of the IESO or electricity vendors under this Act or related transactions.

Guarantee, indemnification

(3) The Lieutenant Governor in Council may by order,

(a) authorize the Minister and the Minister of Finance, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity;

(b) specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance; and

(c) specify a maximum liability for the guarantee or indemnity.

APPENDIX D: NON-BINDING TERM SHEET

Commented [AS5]: Update to Sep 18 version

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the General Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council

	makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*), in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act or the Regulation is *ultra vires* in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent.

Optional Replacement:	At any time following the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable, the Obligor shall be entitled (but not obligated) to replace the Financing Entity as obligor and debtor and directly assume all of the Financing Entity's outstanding obligations and liabilities. The Financing Entity (including through the Financial Services Manager) will ensure that any obligation and liabilities undertaken or assumed by it will by their terms permit such a replacement and assumption (or, if applicable, satisfaction and termination) by the Obligor without additional cost or penalty and without any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The Change of Law Protection Agreement will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Protection Agreement applies to such Specified Claim. The Change of Law Protection Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Protection Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims. The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.

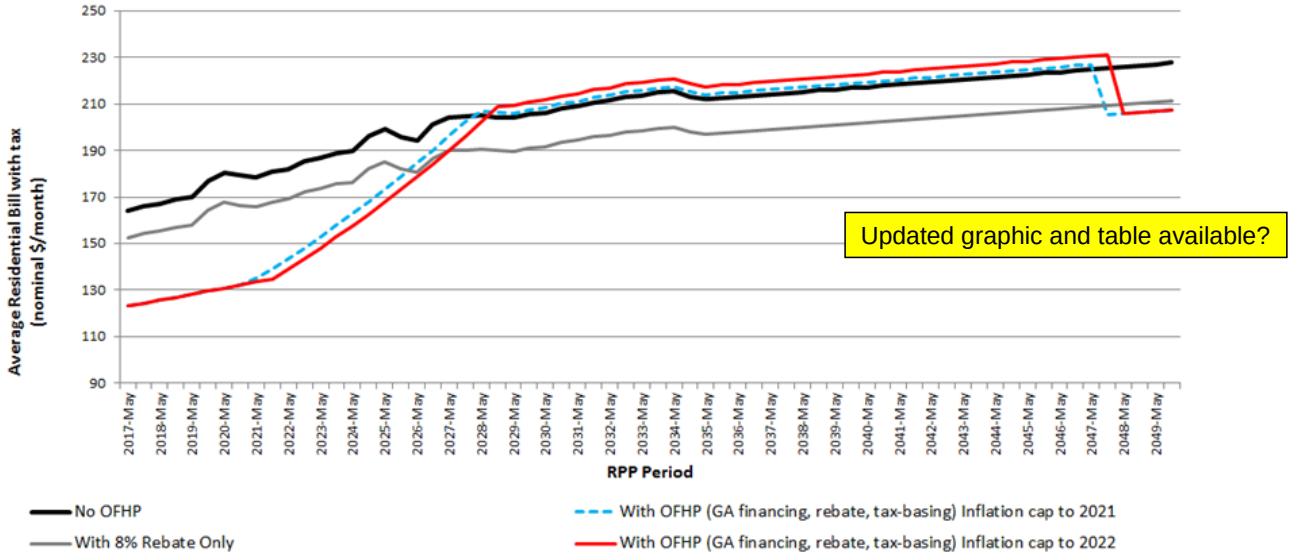
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

APPENDIX E: PROFILE GLOBAL ADJUSTMENT SMOOTHING FOR RPP – ELIGIBLE ONLY – MAY 2017 TB/MBC SUBMISSION

Commented [HS(6]: Recommend that we don't include this reference.

The following graphic and table shows the multi-year profile of the planned approach to GA Smoothing that was included with the May 2017 TB/MBC Submission. The table below supports the Ministries assessment that the potential contingent liability under the protection agreement over the duration of the OFHP would peak at an estimated $24M to $26B (subject to final cost forecasts TBC), including principal and interest.

Commented [ESP7]: These numbers and the table below are pending finalization of costs forecasts – this work is still ongoing with OPG.



Updated graphic and table available?

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Average monthly bill with OFHP ($/month)	124	126	129	131	137	146	155	165	176	187	199	207	207	209	212	214	216	216	214	215	216	217	219	220	221	222	223	224	225	226	216	206
Year-over-year change (%)	n/a	2.01	2.01	2.01	4.25	6.44	6.44	6.44	6.44	6.44	6.44	3.61	0.08	1.20	1.29	1.14	0.93	-0.04	-0.88	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	-4.37	-4.61
Impact of GA financing and tax-basing ($/month)	-29.9	-30.0	-35.0	-34.4	-28.8	-24.0	-17.8	-14.2	-3.3	3.4	12.2	16.4	16.5	16.7	16.9	17.1	17.2	17.1	17.0	17.1	17.2	17.3	17.4	17.5	17.6	17.6	17.7	17.8	17.9	18.0	-3.9	-4.0
Total accumulated debt ($B)	2.5	5.2	8.2	11.6	14.7	17.5	19.9	22.0	23.5	24.1	24.2	23.7	23.1	22.5	21.8	21.0	20.1	19.2	18.3	17.2	16.1	14.9	13.7	12.3	10.9	9.3	7.7	5.9	4.1	2.1	0.0	0.0
Total change in accumulated debt ($B)	2.5	2.6	3.0	3.5	3.1	2.8	2.4	2.0	1.6	0.6	0.1	-0.5	-0.6	-0.6	-0.7	-0.8	-0.8	-0.9	-1.0	-1.0	-1.1	-1.2	-1.3	-1.4	-1.4	-1.5	-1.6	-1.7	-1.9	-2.0	-2.1	0.0

Notes: Assumes 30 year financing period and a nominal interest rate of 5% (compounded monthly). Ratepayer GA payments increase annually beyond 2020 such that the average monthly residential electricity bill increases by 6.3% per year to a maximum of $2.2 billion above the true cost of GA in any given year to cap repayment charges at around 10% of total bill. IESO forecast is based on IESO's revised OPO forecast as of February 2017. Includes the cancellation of LRP II and EFW, expansion of ICI. Does not include smoothed OPG rates. Above residential bill is based on a 750 kWh per month Toronto Hydro customer. Data shown above is by RPP period. Assumes RPP prices are adjusted in July 2021 instead of May 2021 to coincide with the end of the inflation cap. Fair allocation amounts subject to third party review.

APPENDIX F: OVERVIEW OF RISKS

Prepared by TBS staff, the following chart, as part of the May 2017 OFHP implementation update focused on the proposed legislation. It provides an overview of strategic (versus operational) risks to inform the approval/decision making process regarding the proposed legislation. Each part, GA Partial Refinancing & Electricity social programs, is a separate table.

The current submission, ~~Change of Law~~ Provincial Protection Agreement, is reflected under the risk "Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding" (page 16) as part of risk mitigating strategy.

Global Adjustment Partial Refinancing:

Objective: Provide immediate ratepayer relief by capping rate increases at Consumer Price Index (CPI) for four years and refinancing GA costs over a longer period of time. Develop and implement a financing structure that increases provincial borrowing, but has no impact on annual provincial surplus/deficit.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA smoothing being allocated to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there could be a negative impact on the province's fiscal plan up to $2.5B in 2017-18 and rising. • Rating agencies and investors in the Province's debt may view all of the borrowing as an obligation of the Province, especially taking into account the nature of provincial guarantees, which could put pressure on the Province's credit rating and overall borrowing capacity. • Proposed structure may result in a negative response from Ontario Auditor General (OAG) due to previous concerns regarding recognition of rate regulated assets and liabilities. The AG has already expressed concerns regarding the accounting treatment on the IESO's books which could lead to a qualification of the Province's consolidated financial statements. • Initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to justify structure of financial model and be utilized in discussions with the OAG. • Identify potential options to minimize the balance of rate regulated assets remaining on the IESO's books at fiscal year-end.

Risk	Level of Risk	Risk Response
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.
A legal determination that the Province is spreading the costs of GA financing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Medium **Risk Impact:** High **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and close monitoring of costs and changes in variables built into model. • Analyze the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Financing the costs of GA smoothing through OPG SPV/Trust and the volatility of interest rates may increase the cost of GA smoothing and/or require additional provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Moderate **Time Scale:** 12 to 24 months **Rationale** • The proposed structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on interest rate for borrowing, the amount of equity/funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the government to offset a part of the scheduled increases. • Risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's ratings and cost of borrowing.	Risk can be avoided by: • Province providing a potential guarantee for the cost of borrowing – however, would redirect risk back to the Province and negate benefits of proposed financing structure. Risk can be mitigated by: • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost. • Proposed legislation to enable GA refinancing has been draft with input from third-party financers. Provides a 'narrow' provincial guarantee and ensuring that debt holders have the right of action against a future government to recover the amount outstanding including interest, fees, expenses and any damages.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA Refinancing having a fiscal impact to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there would be a negative impact on the province's fiscal plan of up to $2.5B in 2017-18 and rising. • Rating agencies and investors in Province's debt may view all of the borrowing as an obligation of the Province, which could put pressure on the Province's credit rating and overall borrowing capacity. • The proposed structure may result in an opinion from the Ontario Auditor General (OAG) considering previous concerns regarding recognition of rate regulated assets and liabilities. The OAG may take this into account when the provincial books are audited. • An initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards. Additional analysis is still required.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to support discussions of the financial model with the OAG.
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.

Risk	Level of Risk	Risk Response
A legal determination that the Province is spreading the costs of GA refinancing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and ongoing monitoring of costs and changes in variables built into model. • Analysis of the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** 12 to 24 months **Rationale** • The proposed borrowing structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on the interest rate for borrowing, the amount of equity / funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • There is a risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's own ratings and cost of borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B (in the March 1, 2017 Cabinet Submission) is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the province to offset a part of the scheduled increases. • Fiscal impacts will be subject to fluctuations in Ontario electricity demand, GA and interests rates in the medium-to long term. As well as if a protection agreement is called upon: o OPG, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.	Risk can be mitigated by: • Providing a "provincial guarantee" for the cost of borrowing. • Drafting legislation to provide assurance to OPG and investors regarding the permanence of the GA refinancing framework and the authority of the legislation to pass the legislation; and enable the Province to guarantee borrowing of the trust in the event of a market disruption. • Specifics of a guarantee are dependent on the negotiation of agreements not yet initiated. Limiting triggers of a protection agreement to legislative (regulatory) changes and/or judicial decisions etc. • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost.

Electricity social programs (Enhancing Electricity Support & Conservation Programs):

Objective: Shift funding of existing and new electricity support programs (RRRP, OESP, Affordability Fund, First Nations Credit) from rate to tax base.

Risk	Level of Risk	Risk Response
Uncertainty in forecasting due to exposure to changes and/or volatility (i.e. interest rates, electricity usage patterns, and distribution costs) may result in higher than anticipated fiscal impacts for the Province.	**Risk Likelihood:** Possible **Risk Impact:** Major **Timescale:** 12 to 24 months **Rationale:** • The energy sector is complex and a number of key assumptions used as inputs into forecasting model are variables/forecasts themselves, resulting in a high inherent risk that cost estimates are inaccurate. • Fiscal projection is highly dependent on factors which can fluctuate from year to year, including: o electricity usage; o distributions costs; and o consumer consumption patterns that may change due to extreme weather or other factors. • Fiscal projection is subject to knowledge of future distribution costs and dependent on submission of cost of service applications by Hydro One and LDCs. o Enhanced RRRP may create disincentives from the eligible LDCs towards productivity and performance improvements and/or cause ineligible LDC's to drive up distribution costs to gain access to program.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the forecasting models.

From:	Ken Kandeepan
To:	John Kim; Ronald Kwan
Cc:	John Psinas
Subject:	FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Wednesday, September 20, 2017 10:21:25 AM
Attachments:	4 RAN MOF ENERGY - Change of Law Protecition Agreement v4 (MOF & ENE comments).doc

Hi Ron and John

The previous IOD impact estimate that was also shared with the OAG assumed interest rates of 5.0, 4.2 and 3.5. At this point in time I don't believe there's much value added in a detailed assessment, rather a simple application of the max and the minimum to the peak debt of $20B should suffice. This translates into an IOD range of $0.7B to $1.0B (the reference is to be found on page 3 of the attached).

Thanks and pls let me know if this makes sense.

Ken k

From: Anna Strathy
Sent: Wednesday, September 20, 2017 10:11 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Ken,

Attached is the consolidated comments on the TBS analyst's note. At this morning's meeting with Energy, MOF, and TBS, Steen confirmed that latest estimate for peak debt is $20B (not $24 to $26B as previously estimated). I expect this will impact our IOD estimate – would you be able to provide a revised estimate for IOD? It will need to be included in an updated submission for the Minister tomorrow.

Anna

From: Anna Strathy
Sent: Wednesday, September 20, 2017 6:49 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Gadi,

Attached for your review, is the TBS Assessment note, with comments and track changes from Energy (Steen's group), MOF Legal (Malle) and OFA (Ken and myself). We've also responded to a few of the analyst's questions below in red.

The only comment from Energy that will require follow-up is Steen's cost estimates (he recalls peak debt for the program at $20B whereas we have used the $24B to $26B estimate). I'll follow up with Energy and OFA staff on this.

Thanks, Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Tuesday, September 19, 2017 9:36 AM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi,

Attached is a draft TB/MBC note based on draft submission version 8 (also attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.

Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

- Draft sub takes about a Change of Law Protection Agreement and identifies three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify. The working title of the agreement is the Provincial Protection Agreement; however it is still subject to change.
    - Regarding the third trigger, is this in or out? If in, is there any consideration being given to the Province to narrow the very broad scope? The third trigger is in and it's been narrowed to ensure only a change that adversely impacts the ability of the Financing Entity to collect payments would trigger the protection agreement.
- What are derivative agreements? Payments under derivative agreements? Derivatives agreements are financial contracts entered into by parties to hedge financial risk associated with borrowing for example. In this particular circumstances, the Financing Entity might enter into interest rate swap

agreements to hedge the interest rate payable on its issued debt.

- Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market? The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period.

- Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does the requested minute cover off s28 FAA? The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the 2 Ministers seeking the OIC in the form attached. The Minister of Finance will also be requested to approve under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

Thanks in advance,

James Strang
416-327-2071

	TREASURY BOARD / MANAGEMENT BOARD OF CABINET REQUEST ASSESSMENT NOTE	
	Ministry:	Energy & Finance
	Meeting Date:	September 26, 2017
	Agenda Class:	Discussion (In-Camera)
	Last reviewed by: ENERGY TB/MBC May 9, 2017	**Tracking to:** Fast Track Cabinet (September 27, 2017)

SUBMISSION TITLE:	Change of Law Protection Agreement (Supports Ontario's Fair Hydro Plan implementation)

I. DECISION BEFORE THE BOARD

Approve the Ministries plan for implementing provisions within the ~~O~~*ntario Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc.

II. RECOMMENDATIONS

Approve the plan for implementing provisions of the ~~*Ontario*~~ *Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc (OPG). – Under certain circumstances, the Province would pay when due amounts in respect of the obligations of the Financing Entity (Established by OPG)	*Approve*
Authorize that the Minister of Finance and Minister of Energy ~~to~~ provide a protection agreement, to be authorized by Order in Council under the ~~*Ontario*~~ *Fair Hydro Plan Act, 2017(FHPA).* – In respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two Ministers acting together may determine	*Authorize*
Recommend that Cabinet approve an Order in Council (OIC), in accordance with section 5 of the ~~*Ontario*~~ *Fair Hydro Plan Act, 2017 (FHPA)* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province, – ~~to~~ To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and – ~~to~~ To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.	*Recommend*

Commented [ESP1]: This item is not up for approval per the TB Sub.

III. FINANCIAL SUMMARY

$ Millions	**2017-18**	**2018-19**	**2019-20**
Initiative cost requested	0.0	0.0	0.0
Initiative cost recommended	0.0	0.0	0.0

Recommended program base	0.0	0.0	0.0
Offset Recommended	0.0	0.0	0.0
Total Fiscal Impact	0.0	0.0	0.0

IV. KEY COMMENTS AND CONSIDERATIONS

Under the ~~*Ontario*~~ *Fair Hydro Plan Act, 2017*, (~~O~~FHPA), which enables Global Adjustments (GA) Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset".

The OFHPA provides for ~~the~~ IESO to sell all or a portion of the Regulatory Asset (i.e., to sell the right to recover those deferred amounts from specified consumers in the future). Under the ~~O~~FHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the ~~O~~FHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly the Province) from the capital markets.

OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a ~~change of law~~ protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

- Providing this~~, in a May 2017 TB/MBC item reviewing proposed FHPAOntario Fair Hydro Plan legislation,~~ through Provinc~~ial~~ assurance and guarantee provisions~~,~~ was recommended in a May 2017 TB/MBC item reviewing proposed FHPA.

What would trigger the protection agreement?

Ontario Financing Authority (OFA), the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances (Appendix C provides the non-binding term sheet):

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the ~~O~~FHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or ~~*unenforceable*~~*ultra vires*; and
- A change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investment interest so that it can pay its funding obligations~~[Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations~~.

~~*Note: this third protection event is not included in the current draft of the term sheet*~~

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~~*agreed to by Ministry of Finance staff; however, OPG is expected to continue to negotiate for its inclusion. It has been included in the TB submission, but may be removed once negotiations are complete, prior to TB/MBC consideration of this item on September 26, 2017.]*~~

….the third bullet isn't change of Law related?…

Financial:

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of Ontario's Fair Hydro Plan (OFHP) ~~the OFHP~~ and peak at approximately $20B ~~an estimated $24B to $26B~~ of debt (final cost forecasts TBC), including principal and accumulated interest.

- In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

Financial (Risk) – In the event the protection agreement is triggered:

The Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers. This would likely have implications for the Province's fiscal plan and appropriation requirements.

- The Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. The worst case scenario would be the Province assuming the debt at its peak at which point interest on debt (IOD) expense could increase between $0.8B and $1.3B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.
- In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged. In addition, the Province would ~~also~~ have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The Ministries indicate that if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (~~Interest On Debt (~~IOD~~)~~ expense) will depend on whether or not some portions of the OFHPA continue in some form, or not.

- For example if the ~~If the~~ payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used.

Commented [AS2]: May or may not be the result of a change of law.

Commented [HS(3]: This is inconsistent with the Aug 31 Submission

Thought the estimated debt # was lower?

- Debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

Name of analyst:	James Strang	**Phone number:**	416-325-2071
Date:	September 18, 2017	**Log number:**	
Branch / Division:	GGPR / PEMD / Treasury Board Secretariat		

APPENDIX A: PROPOSED MINUTE (UNDER DEVELOPMENT)

Approve the Ministries plan for implementing provisions of the ~~Ontario~~ *Fair Hydro Plan Act, 2017* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc. In particular, that under certain circumstances the Province would pay when due amounts in respect of the obligations of the Financing Entity (Established by OPG).

In this regard,

i) Authorize that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the ~~Ontario~~ *Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out non-binding term sheet – Provincial Protection and Assurances Indicative Term Sheet including in the TB/MBC Submission, (… minuting an attachment?…or include key parameters in minute only, given request for the subject to revisions provision…) and subject to such revisions that the two ministers acting together may determine;

ii) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the FHPA~~Ontario Fair Hydro Act~~, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   a) ~~to~~ To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
   b) ~~to~~ To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

Commented [AS4]: Recommend referring to the attachment rather than key parameters (limit potential revisions to the term sheet)

APPENDIX B: FINANCIAL TABLES

FINANCIAL IMPACTS: CHANGES TO EXPENSE AND REVENUE					TABLE B1
		Fiscal Plan Basis			*Appropriations Basis*
$ Millions		**2017-18**	**2018-19**	**2019-20**	**2017-18**
Initiative cost recommended					
Expense changes:					
	Oper				
Expense Offset:					
	Oper				
	Oper				
Total Fiscal Impact		0.0000	0.0000	0.0000	**0.0000**

APPENDIX C: EXCERPT FROM ~~*ONTARIO*~~ *FAIR HYDRO PLAN ACT, 2017*

Protection and assurances

Prohibition

5 (1) No action or omission by the Board, the Minister or the Crown shall be effective to reduce, impair, postpone or terminate the obligations of specified consumers to pay amounts in respect of the clean energy adjustment or to impair or postpone the invoicing, collection or remittance of the clean energy adjustment.

Agreements

(2) The Minister and the Minister of Finance may together, with the approval of the Lieutenant Governor in Council, enter into agreements on behalf of the Province of Ontario with any person in respect of this Act, including agreements regarding the performance of the IESO or electricity vendors under this Act or related transactions.

Guarantee, indemnification

(3) The Lieutenant Governor in Council may by order,

(a) authorize the Minister and the Minister of Finance, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity;

(b) specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance; and

(c) specify a maximum liability for the guarantee or indemnity.

APPENDIX D: NON-BINDING TERM SHEET

Commented [AS5]: Update to Sep 18 version

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the General Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council

	makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*), in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act or the Regulation is *ultra vires* in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent.

Optional Replacement:	At any time following the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable, the Obligor shall be entitled (but not obligated) to replace the Financing Entity as obligor and debtor and directly assume all of the Financing Entity's outstanding obligations and liabilities. The Financing Entity (including through the Financial Services Manager) will ensure that any obligation and liabilities undertaken or assumed by it will by their terms permit such a replacement and assumption (or, if applicable, satisfaction and termination) by the Obligor without additional cost or penalty and without any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The Change of Law Protection Agreement will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Protection Agreement applies to such Specified Claim. The Change of Law Protection Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Protection Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims. The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.

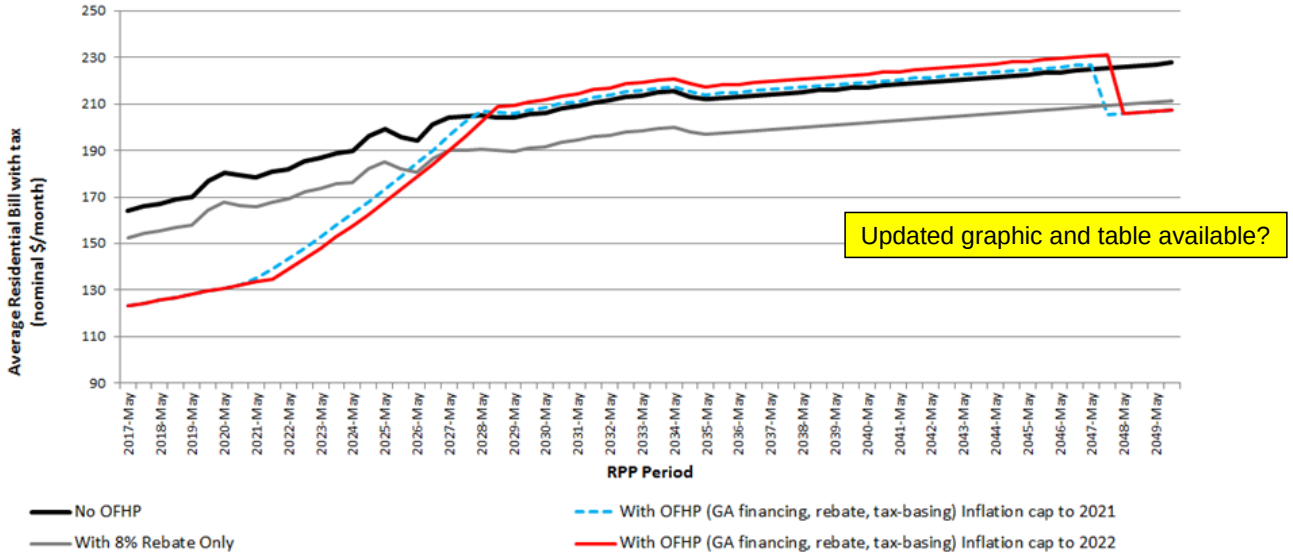
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

APPENDIX E: PROFILE GLOBAL ADJUSTMENT SMOOTHING FOR RPP – ELIGIBLE ONLY – MAY 2017 TB/MBC SUBMISSION

Commented [HS(6]: Recommend that we don't include this reference.

The following graphic and table shows the multi-year profile of the planned approach to GA Smoothing that was included with the May 2017 TB/MBC Submission. The table below supports the Ministries assessment that the potential contingent liability under the protection agreement over the duration of the OFHP would peak at an estimated $24M to $26B (subject to final cost forecasts TBC), including principal and interest.

Commented [ESP7]: These numbers and the table below are pending finalization of costs forecasts – this work is still ongoing with OPG.



Updated graphic and table available?

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Average monthly bill with OFHP ($/month)	124	126	129	131	137	146	155	165	176	187	199	207	207	209	212	214	216	216	214	215	216	217	219	220	221	222	223	224	225	226	216	206
Year-over-year change (%)	n/a	2.01	2.01	2.01	4.25	6.44	6.44	6.44	6.44	6.44	6.44	3.61	0.08	1.20	1.29	1.14	0.93	-0.04	-0.88	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	-4.37	-4.61
Impact of GA financing and tax-basing ($/month)	-29.9	-30.0	-35.0	-34.4	-28.8	-24.0	-17.8	-14.2	-3.3	3.4	12.2	16.4	16.5	16.7	16.9	17.1	17.2	17.1	17.0	17.1	17.2	17.3	17.4	17.5	17.6	17.6	17.7	17.8	17.9	18.0	-3.9	-4.0
Total accumulated debt ($B)	2.5	5.2	8.2	11.6	14.7	17.5	19.9	22.0	23.5	24.1	24.2	23.7	23.1	22.5	21.8	21.0	20.1	19.2	18.3	17.2	16.1	14.9	13.7	12.3	10.9	9.3	7.7	5.9	4.1	2.1	0.0	0.0
Total change in accumulated debt ($B)	2.5	2.6	3.0	3.5	3.1	2.8	2.4	2.0	1.6	0.6	0.1	-0.5	-0.6	-0.6	-0.7	-0.8	-0.8	-0.9	-1.0	-1.0	-1.1	-1.2	-1.3	-1.4	-1.4	-1.5	-1.6	-1.7	-1.9	-2.0	-2.1	0.0

Notes: Assumes 30 year financing period and a nominal interest rate of 5% (compounded monthly). Ratepayer GA payments increase annually beyond 2020 such that the average monthly residential electricity bill increases by 6.3% per year to a maximum of $2.2 billion above the true cost of GA in any given year to cap repayment charges at around 10% of total bill. IESO forecast is based on IESO's revised OPO forecast as of February 2017. Includes the cancellation of LRP II and EFW, expansion of ICI. Does not include smoothed OPG rates. Above residential bill is based on a 750 kWh per month Toronto Hydro customer. Data shown above is by RPP period. Assumes RPP prices are adjusted in July 2021 instead of May 2021 to coincide with the end of the inflation cap. Fair allocation amounts subject to third party review.

APPENDIX F: OVERVIEW OF RISKS

Prepared by TBS staff, the following chart, as part of the May 2017 OFHP implementation update focused on the proposed legislation. It provides an overview of strategic (versus operational) risks to inform the approval/decision making process regarding the proposed legislation. Each part, GA Partial Refinancing & Electricity social programs, is a separate table.

The current submission, ~~Change of Law~~ Provincial Protection Agreement, is reflected under the risk "Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding" (page 16) as part of risk mitigating strategy.

Global Adjustment Partial Refinancing:

Objective: Provide immediate ratepayer relief by capping rate increases at Consumer Price Index (CPI) for four years and refinancing GA costs over a longer period of time. Develop and implement a financing structure that increases provincial borrowing, but has no impact on annual provincial surplus/deficit.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA smoothing being allocated to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there could be a negative impact on the province's fiscal plan up to $2.5B in 2017-18 and rising. • Rating agencies and investors in the Province's debt may view all of the borrowing as an obligation of the Province, especially taking into account the nature of provincial guarantees, which could put pressure on the Province's credit rating and overall borrowing capacity. • Proposed structure may result in a negative response from Ontario Auditor General (OAG) due to previous concerns regarding recognition of rate regulated assets and liabilities. The AG has already expressed concerns regarding the accounting treatment on the IESO's books which could lead to a qualification of the Province's consolidated financial statements. • Initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to justify structure of financial model and be utilized in discussions with the OAG. • Identify potential options to minimize the balance of rate regulated assets remaining on the IESO's books at fiscal year-end.

Risk	Level of Risk	Risk Response
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.
A legal determination that the Province is spreading the costs of GA financing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Medium **Risk Impact:** High **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and close monitoring of costs and changes in variables built into model. • Analyze the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Financing the costs of GA smoothing through OPG SPV/Trust and the volatility of interest rates may increase the cost of GA smoothing and/or require additional provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Moderate **Time Scale:** 12 to 24 months **Rationale** • The proposed structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on interest rate for borrowing, the amount of equity/funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the government to offset a part of the scheduled increases. • Risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's ratings and cost of borrowing.	Risk can be avoided by: • Province providing a potential guarantee for the cost of borrowing – however, would redirect risk back to the Province and negate benefits of proposed financing structure. Risk can be mitigated by: • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost. • Proposed legislation to enable GA refinancing has been draft with input from third-party financers. Provides a 'narrow' provincial guarantee and ensuring that debt holders have the right of action against a future government to recover the amount outstanding including interest, fees, expenses and any damages.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA Refinancing having a fiscal impact to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there would be a negative impact on the province's fiscal plan of up to $2.5B in 2017-18 and rising. • Rating agencies and investors in Province's debt may view all of the borrowing as an obligation of the Province, which could put pressure on the Province's credit rating and overall borrowing capacity. • The proposed structure may result in an opinion from the Ontario Auditor General (OAG) considering previous concerns regarding recognition of rate regulated assets and liabilities. The OAG may take this into account when the provincial books are audited. • An initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards. Additional analysis is still required.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to support discussions of the financial model with the OAG.
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.

Risk	Level of Risk	Risk Response
A legal determination that the Province is spreading the costs of GA refinancing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and ongoing monitoring of costs and changes in variables built into model. • Analysis of the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** 12 to 24 months **Rationale** • The proposed borrowing structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on the interest rate for borrowing, the amount of equity / funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • There is a risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's own ratings and cost of borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B (in the March 1, 2017 Cabinet Submission) is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the province to offset a part of the scheduled increases. • Fiscal impacts will be subject to fluctuations in Ontario electricity demand, GA and interests rates in the medium-to long term. As well as if a protection agreement is called upon: o OPG, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.	Risk can be mitigated by: • Providing a "provincial guarantee" for the cost of borrowing. • Drafting legislation to provide assurance to OPG and investors regarding the permanence of the GA refinancing framework and the authority of the legislation to pass the legislation; and enable the Province to guarantee borrowing of the trust in the event of a market disruption. • Specifics of a guarantee are dependent on the negotiation of agreements not yet initiated. Limiting triggers of a protection agreement to legislative (regulatory) changes and/or judicial decisions etc. • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost.

Electricity social programs (Enhancing Electricity Support & Conservation Programs):

Objective: Shift funding of existing and new electricity support programs (RRRP, OESP, Affordability Fund, First Nations Credit) from rate to tax base.

Risk	Level of Risk	Risk Response
Uncertainty in forecasting due to exposure to changes and/or volatility (i.e. interest rates, electricity usage patterns, and distribution costs) may result in higher than anticipated fiscal impacts for the Province.	**Risk Likelihood:** Possible **Risk Impact:** Major **Timescale:** 12 to 24 months **Rationale:** • The energy sector is complex and a number of key assumptions used as inputs into forecasting model are variables/forecasts themselves, resulting in a high inherent risk that cost estimates are inaccurate. • Fiscal projection is highly dependent on factors which can fluctuate from year to year, including: o electricity usage; o distributions costs; and o consumer consumption patterns that may change due to extreme weather or other factors. • Fiscal projection is subject to knowledge of future distribution costs and dependent on submission of cost of service applications by Hydro One and LDCs. o Enhanced RRRP may create disincentives from the eligible LDCs towards productivity and performance improvements and/or cause ineligible LDC's to drive up distribution costs to gain access to program.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the forecasting models.

From: Ronald Kwan
To: John Kim
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date: Tuesday, September 19, 2017 6:41:30 PM

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: September-19-17 14:00
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Here are my comments on the analyst's note.

p. 1 Recommendations
- second recommendation, remove "to" after "Ministry of Energy"
- third recommendation, should this refer to the draft OIC that is attached. Don't know whether the TB submission itself references a draft OIC being attached?

p. 2 "What would trigger the protection agreement?"
- second bullet re: court decision, change wording from "invalid or unenforceable" to "invalid or ultra vires" to match most recent version of term sheet
- third bullet – the third event has now been inserted into the term sheet as "there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investment interst so that it can pay its funding obligations.

p. 4 See the comments in the proposed first minute asking whether there is a desire to minute the attachment or to include key parameters in minute only given the request for a "subject to revisions provision". I am not sure how we wish to answer this question. Putting in only key parameters would broaden the 2 Ministers' discretion to agree to revisions to the term sheet. Possibly if we were to do this, are the essential parameters really the "Protection Events", and "Obligation re: pay specified claims? Comments on this?

p. 4 Regarding second minute – should it reference a draft form of OIC attached?

Regarding the questions posed by the analyst, here is a start on some of those.

1. Third trigger is in now.
2. Derivatives agreements are financial contracts entered into by parties to hedge financial risk associated with borrowing for example. In this particular

circumstances, the Financing Entity might enter into interest rate swap agreements to hedge the interest rate payable on its issued debt [need description of interest rate swaps and what might be done here – fix floating rate debt – anything else?]

3. The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period….
4. The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the 2 Ministers seeking the OIC in the form attached. The Minister of Finance will also be requested to approve under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: September 19, 2017 10:11 AM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA); Katona, Keley (MOF)
Cc: Mayman, Gadi (OFA); Reiss, Anthony (MOF)
Subject: Fwd: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Good morning,

Please find attached, the draft TBS Assessment note on the Provincial Protection Agreement. Please review and provide comments to me by 3:00pm this afternoon and I will consolidate comments for Gadi's review.

With respect to James' questions, I'll follow up separately and I expect some will be answered in the updated draft of the submission (with final term sheet).

Thank you, Anna

Sent from my iPhone

Begin forwarded message:

> **From:** "Strang, James (TBS)" <James.Strang@ontario.ca>
> **To:** "Anthony Reiss (MGS)" <Anthony.Reiss@ontario.ca>, "Pratima Gounden (ENERGY)" <Pratima.Gounden@ontario.ca>
> **Cc:** "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, "Hosick, Sarah (TBS)" <Sarah.Hosick@ontario.ca>, "Anna Strathy" <Anna.Strathy@ofina.on.ca>, "Ronald Kwan" <Ronald.Kwan@ofina.on.ca>, "Afshin Malekzadeh (MOHLTC)" <Afshin.Malekzadeh@ontario.ca>, "Chris Skubel (MGS)" <Chris.Skubel@ontario.ca>, "Indira Komal (MCSCS)" <Indira.Komal@ontario.ca>, "Lenna Wichenko (MCSCS)" <Lenna.Wichenko@ontario.ca>, "Paul Kaufman (MOHLTC)" <Paul.Kaufman@ontario.ca>, "Nick Smook (MOF)" <Nick.Smook@ontario.ca>
> **Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC**

Hi,

Attached is a draft TB/MBC note based on draft submission version 8 (also attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.

Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

- Draft sub takes about a Change of Law Protection Agreement and identifies three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify.
    - Regarding the third trigger, is this in or out? If in, is there any consideration being given to the Province to narrow the very broad scope?
- What are derivative agreements? Payments under derivative agreements?
- Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market?
- Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does the requested minute cover off s28 FAA?

Thanks in advance,

James Strang
416-327-2071

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

From: Ronald Kwan
To: John Kim
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date: Tuesday, September 19, 2017 10:17:31 AM
Attachments: 4 RAN MOF ENERGY - Change of Law Protecition Agreement v4.doc
1b Draft TB20 Submission_Provincial Protection Agreement_V8_clean.pdf

---

Hi,

Please review.

Ron

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: September-19-17 09:36
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi,

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- Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does the requested minute cover off s28 FAA?

Thanks in advance,

James Strang
416-327-2071

	TREASURY BOARD / MANAGEMENT BOARD OF CABINET REQUEST ASSESSMENT NOTE	
	Ministry:	Energy & Finance
	Meeting Date:	September 26, 2017
	Agenda Class:	Discussion (In-Camera)
	Last reviewed by: ENERGY TB/MBC May 9, 2017	**Tracking to:** Fast Track Cabinet (September 27, 2017)

SUBMISSION TITLE:	Change of Law Protection Agreement (Supports Ontario Fair Hydro Plan implementation)

I. DECISION BEFORE THE BOARD

Approve the Ministries plan for implementing provisions within the *Ontario Fair Hydro Plan Act, 2017* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc.

II. RECOMMENDATIONS

Approve the plan for implementing provisions of the *Ontario Fair Hydro Plan Act, 2017* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc. – Under certain circumstances, the Province would pay when due amounts in respect of the obligations of the Financing Entity (Established by OPG)	*Approve*
Authorize that the Minister of Finance and Minister of Energy to provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017.* – In respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two Ministers acting together may determine	*Authorize*
Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province, – to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and – to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.	*Recommend*

III. FINANCIAL SUMMARY

$ Millions	**2017-18**	**2018-19**	**2019-20**
Initiative cost requested	0.0	0.0	0.0
Initiative cost recommended	0.0	0.0	0.0
Recommended program base	0.0	0.0	0.0

Offset Recommended	0.0	0.0	0.0
Total Fiscal Impact	0.0	0.0	0.0

IV. KEY COMMENTS AND CONSIDERATIONS

Under the *Ontario Fair Hydro Plan Act, 2017*, (OFHPA), which enables Global Adjustments (GA) Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset".

The OFHPA provides for the IESO to sell all or a portion of the Regulatory Asset (i.e., to sell the right to recover those deferred amounts from specified consumers in the future). Under the OFHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the OFHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly the Province) from the capital markets

OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

- Providing this, in a May 2017 TB/MBC item reviewing proposed Ontario Fair Hydro Plan legislation, through Province assurance and guarantee provisions, was recommended.

What would trigger the protection agreement?

Ontario Financing Authority (OFA), the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances (Appendix C provides the non-binding term sheet):

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the OFHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or unenforceable; and
- [Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations.
  - *Note: this third protection event is not included in the current draft of the term sheet agreed to by Ministry of Finance staff; however, OPG is expected to continue to negotiate for its inclusion. It has been included in the TB submission, but may be removed once negotiations are complete, prior to TB/MBC consideration of this item on September 26, 2017.*]

….the third bullet isn't change of Law related?…

Financial:

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of the OFHP and peak at an estimated $24B to $26B of debt (final cost forecasts TBC), including principal and accumulated interest.

- In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

Financial (Risk) – In the event the protection agreement is triggered:

The Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers. This would likely have implications for the Province's fiscal plan and appropriation requirements.

- The Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement.
- In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged. In addition, the Province would also have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The Ministries indicate that if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (Interest On Debt (IOD) expense) will depend on whether or not some portions of the OFHPA continue in some form, or not.

- For example if the If the payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used.
- Debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

Name of analyst:	James Strang	**Phone number:**	416-325-2071
Date:	September 18, 2017	**Log number:**	
Branch / Division:	GGPR / PEMD / Treasury Board Secretariat		

APPENDIX A: PROPOSED MINUTE (UNDER DEVELOPMENT)

Approve the Ministries plan for implementing provisions of the *Ontario Fair Hydro Plan Act, 2017* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc. In particular, that under certain circumstances the Province would pay when due amounts in respect of the obligations of the Financing Entity (Established by OPG).

In this regard,

i) Authorize that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out non-binding term sheet – Provincial Protection and Assurances Indicative Term Sheet including in the TB/MBC Submission, (… minuting an attachment?…or include key parameters in minute only, given request for the subject to revisions provision…) and subject to such revisions that the two ministers acting together may determine;

ii) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the Ontario Fair Hydro Act, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   a) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
   b) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

APPENDIX B: FINANCIAL TABLES

FINANCIAL IMPACTS: CHANGES TO EXPENSE AND REVENUE					TABLE B1
		Fiscal Plan Basis			*Appropriations Basis*
$ Millions		**2017-18**	**2018-19**	**2019-20**	**2017-18**
Initiative cost recommended					
Expense changes:					
	Oper				
Expense Offset:					
	Oper				
	Oper				
Total Fiscal Impact		0.0000	0.0000	0.0000	**0.0000**

APPENDIX C: EXCERPT FROM *ONTARIO FAIR HYDRO PLAN ACT, 2017*

Protection and assurances

Prohibition

5 (1) No action or omission by the Board, the Minister or the Crown shall be effective to reduce, impair, postpone or terminate the obligations of specified consumers to pay amounts in respect of the clean energy adjustment or to impair or postpone the invoicing, collection or remittance of the clean energy adjustment.

Agreements

(2) The Minister and the Minister of Finance may together, with the approval of the Lieutenant Governor in Council, enter into agreements on behalf of the Province of Ontario with any person in respect of this Act, including agreements regarding the performance of the IESO or electricity vendors under this Act or related transactions.

Guarantee, indemnification

(3) The Lieutenant Governor in Council may by order,

(a) authorize the Minister and the Minister of Finance, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity;

(b) specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance; and

(c) specify a maximum liability for the guarantee or indemnity.

APPENDIX D: NON-BINDING TERM SHEET

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the General Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council

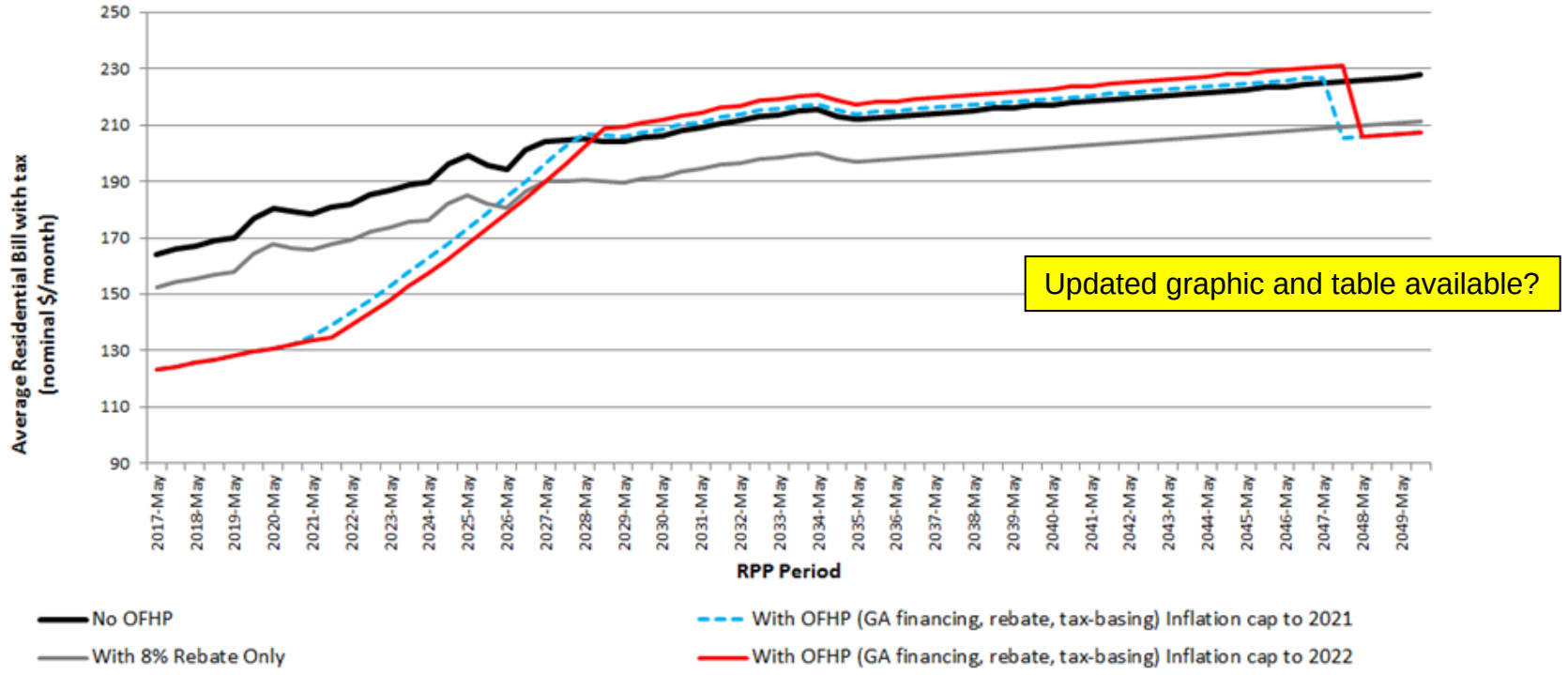
	makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*), in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act or the Regulation is *ultra vires* in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent.

Optional Replacement:	At any time following the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable, the Obligor shall be entitled (but not obligated) to replace the Financing Entity as obligor and debtor and directly assume all of the Financing Entity's outstanding obligations and liabilities. The Financing Entity (including through the Financial Services Manager) will ensure that any obligation and liabilities undertaken or assumed by it will by their terms permit such a replacement and assumption (or, if applicable, satisfaction and termination) by the Obligor without additional cost or penalty and without any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The Change of Law Protection Agreement will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Protection Agreement applies to such Specified Claim. The Change of Law Protection Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Protection Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims. The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.

Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

APPENDIX E: PROFILE GLOBAL ADJUSTMENT SMOOTHING FOR RPP – ELIGIBLE ONLY – MAY 2017 TB/MBC SUBMISSION

The following graphic and table shows the multi-year profile of the planned approach to GA Smoothing that was included with the May 2017 TB/MBC Submission. The table below supports the Ministries assessment that the potential contingent liability under the protection agreement over the duration of the OFHP would peak at an estimated $24M to $26B (subject to final cost forecasts TBC), including principal and interest.



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Average monthly bill with OFHP ($/month)	124	126	129	131	137	146	155	165	176	187	199	207	207	209	212	214	216	216	214	215	216	217	219	220	221	222	223	224	225	226	216	206
Year-over-year change (%)	n/a	2.01	2.01	2.01	4.25	6.44	6.44	6.44	6.44	6.44	6.44	3.61	0.08	1.20	1.29	1.14	0.93	-0.04	-0.88	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	-4.37	-4.61
Impact of GA financing and tax-basing ($/month)	-29.9	-30.0	-35.0	-34.4	-28.8	-24.0	-17.8	-14.2	-3.3	3.4	12.2	16.4	16.5	16.7	16.9	17.1	17.2	17.1	17.0	17.1	17.2	17.3	17.4	17.5	17.6	17.6	17.7	17.8	17.9	18.0	-3.9	-4.0
Total accumulated debt ($B)	2.5	5.2	8.2	11.6	14.7	17.5	19.9	22.0	23.5	24.1	24.2	23.7	23.1	22.5	21.8	21.0	20.1	19.2	18.3	17.2	16.1	14.9	13.7	12.3	10.9	9.3	7.7	5.9	4.1	2.1	0.0	0.0
Total change in accumulated debt ($B)	2.5	2.6	3.0	3.5	3.1	2.8	2.4	2.0	1.6	0.6	0.1	-0.5	-0.6	-0.6	-0.7	-0.8	-0.8	-0.9	-1.0	-1.0	-1.1	-1.2	-1.3	-1.4	-1.4	-1.5	-1.6	-1.7	-1.9	-2.0	-2.1	0.0

Notes: Assumes 30 year financing period and a nominal interest rate of 5% (compounded monthly). Ratepayer GA payments increase annually beyond 2020 such that the average monthly residential electricity bill increases by 6.3% per year to a maximum of $2.2 billion above the true cost of GA in any given year to cap repayment charges at around 10% of total bill. IESO forecast is based on IESO's revised OPO forecast as of February 2017. Includes the cancellation of LRP II and EFW, expansion of ICI. Does not include smoothed OPG rates. Above residential bill is based on a 750 kWh per month Toronto Hydro customer. Data shown above is by RPP period. Assumes RPP prices are adjusted in July 2021 instead of May 2021 to coincide with the end of the inflation cap. Fair allocation amounts subject to third party review.

APPENDIX F: OVERVIEW OF RISKS

Prepared by TBS staff, the following chart, as part of the May 2017 OFHP implementation update focused on the proposed legislation. It provides an overview of strategic (versus operational) risks to inform the approval/decision making process regarding the proposed legislation. Each part, GA Partial Refinancing & Electricity social programs, is a separate table.

The current submission, Change of Law Protection Agreement, is reflected under the risk "Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding" (page 16) as part of risk mitigating strategy.

Global Adjustment Partial Refinancing:

Objective: Provide immediate ratepayer relief by capping rate increases at Consumer Price Index (CPI) for four years and refinancing GA costs over a longer period of time. Develop and implement a financing structure that increases provincial borrowing, but has no impact on annual provincial surplus/deficit.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA smoothing being allocated to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there could be a negative impact on the province's fiscal plan up to $2.5B in 2017-18 and rising. • Rating agencies and investors in the Province's debt may view all of the borrowing as an obligation of the Province, especially taking into account the nature of provincial guarantees, which could put pressure on the Province's credit rating and overall borrowing capacity. • Proposed structure may result in a negative response from Ontario Auditor General (OAG) due to previous concerns regarding recognition of rate regulated assets and liabilities. The AG has already expressed concerns regarding the accounting treatment on the IESO's books which could lead to a qualification of the Province's consolidated financial statements. • Initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to justify structure of financial model and be utilized in discussions with the OAG. • Identify potential options to minimize the balance of rate regulated assets remaining on the IESO's books at fiscal year-end.

Risk	Level of Risk	Risk Response
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.
A legal determination that the Province is spreading the costs of GA financing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Medium **Risk Impact:** High **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and close monitoring of costs and changes in variables built into model. • Analyze the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Financing the costs of GA smoothing through OPG SPV/Trust and the volatility of interest rates may increase the cost of GA smoothing and/or require additional provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Moderate **Time Scale:** 12 to 24 months **Rationale** • The proposed structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on interest rate for borrowing, the amount of equity/funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the government to offset a part of the scheduled increases. • Risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's ratings and cost of borrowing.	Risk can be avoided by: • Province providing a potential guarantee for the cost of borrowing – however, would redirect risk back to the Province and negate benefits of proposed financing structure. Risk can be mitigated by: • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost. • Proposed legislation to enable GA refinancing has been draft with input from third-party financers. Provides a 'narrow' provincial guarantee and ensuring that debt holders have the right of action against a future government to recover the amount outstanding including interest, fees, expenses and any damages.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA Refinancing having a fiscal impact to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there would be a negative impact on the province's fiscal plan of up to $2.5B in 2017-18 and rising. • Rating agencies and investors in Province's debt may view all of the borrowing as an obligation of the Province, which could put pressure on the Province's credit rating and overall borrowing capacity. • The proposed structure may result in an opinion from the Ontario Auditor General (OAG) considering previous concerns regarding recognition of rate regulated assets and liabilities. The OAG may take this into account when the provincial books are audited. • An initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards. Additional analysis is still required.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to support discussions of the financial model with the OAG.
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.

Risk	Level of Risk	Risk Response
A legal determination that the Province is spreading the costs of GA refinancing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and ongoing monitoring of costs and changes in variables built into model. • Analysis of the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** 12 to 24 months **Rationale** • The proposed borrowing structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on the interest rate for borrowing, the amount of equity / funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • There is a risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's own ratings and cost of borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B (in the March 1, 2017 Cabinet Submission) is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the province to offset a part of the scheduled increases. • Fiscal impacts will be subject to fluctuations in Ontario electricity demand, GA and interests rates in the medium-to long term. As well as if a protection agreement is called upon: o OPG, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.	Risk can be mitigated by: • Providing a "provincial guarantee" for the cost of borrowing. • Drafting legislation to provide assurance to OPG and investors regarding the permanence of the GA refinancing framework and the authority of the legislation to pass the legislation; and enable the Province to guarantee borrowing of the trust in the event of a market disruption. • Specifics of a guarantee are dependent on the negotiation of agreements not yet initiated. Limiting triggers of a protection agreement to legislative (regulatory) changes and/or judicial decisions etc. • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost.

Electricity social programs (Enhancing Electricity Support & Conservation Programs):

Objective: Shift funding of existing and new electricity support programs (RRRP, OESP, Affordability Fund, First Nations Credit) from rate to tax base.

Risk	Level of Risk	Risk Response
Uncertainty in forecasting due to exposure to changes and/or volatility (i.e. interest rates, electricity usage patterns, and distribution costs) may result in higher than anticipated fiscal impacts for the Province.	**Risk Likelihood:** Possible **Risk Impact:** Major **Timescale:** 12 to 24 months **Rationale:** • The energy sector is complex and a number of key assumptions used as inputs into forecasting model are variables/forecasts themselves, resulting in a high inherent risk that cost estimates are inaccurate. • Fiscal projection is highly dependent on factors which can fluctuate from year to year, including: o electricity usage; o distributions costs; and o consumer consumption patterns that may change due to extreme weather or other factors. • Fiscal projection is subject to knowledge of future distribution costs and dependent on submission of cost of service applications by Hydro One and LDCs. o Enhanced RRRP may create disincentives from the eligible LDCs towards productivity and performance improvements and/or cause ineligible LDC's to drive up distribution costs to gain access to program.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the forecasting models.

CHANGE OF LAW PROTECTION AGREEMENT

1. PROGRAM/BRANCH: Ontario Financing Authority

2. SUMMARY OF REQUEST:

Provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by one or more financing entities established by Ontario Power Generation Inc. pursuant to s. 22 of the *Ontario Fair Hydro Plan Act, 2017* ("OPG Financing Entities"), that, under certain circumstances as set out in the proposed arrangements the Province would pay when due amounts in respect of the obligations of the Financing Entity.

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) Authorize that the Minister of Finance and Minister of Energy, on behalf of Ontario, provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend to Cabinet an Order in Council, to be made under subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

DRAFT

3. BACKGROUND:

On March 2, 2017, the government announced its proposed Ontario's Fair Hydro Plan (OFHP) to lower electricity bills by 25%, on average, for a typical residential consumer, and holding increases to the rate of inflation for four years. As part of OFHP, it was announced that a portion of the Global Adjustment (GA) would be refinanced in order to fairly allocate costs across present and future generations of electricity consumers with respect to investments made to decarbonize (i.e., phase-out coal) and modernize Ontario's electricity system (i.e., build and maintain a reliable electricity system). This would be achieved by spreading the cost of electricity investments so that they are shared proportionately by future consumers who cause a need for, or benefit from, the province's multi-billion dollar investments in electricity infrastructure.

To this end, immediate rate relief to eligible ratepayers is provided by deferring and spreading the cost recovery of electricity investments over a longer period of time. Under forecasts provided by the Ministry of Energy at the time of the OFHP announcement in March, the immediate reduction would be about $2.5 billion per year on average over the first ten years. The Ministry of Energy will report back to TB/MBC in fall 2017-18 with an update on out-year projections following analysis on rate applications before the Ontario Energy Board.

Under the *Ontario Fair Hydro Plan Act, 2017,* (the "OFHPA"), which enables GA Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected over four years. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset". The OFHPA provides for the IESO to sell all or a portion of the regulatory asset; i.e., the right to recover those deferred amounts from specified consumers in the future. Under the OFHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the OFHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly, the Province) from the capital markets; however, OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the OFHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations;
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or unenforceable; and
- [Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations. *Note: this third protection event is not included in the current draft of the term sheet agreed to by Ministry of Finance staff; however, OPG is expected to continue to negotiate for its inclusion. It has been included in the TB submission, but may be removed once negotiations are complete, prior to TB/MBC consideration of this item on September 26, 2017*.]

In the event the protection agreement is triggered, the Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers.

In addition, the Province would also have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged.

Section 28 of the *Financial Administration Act (FAA), 1990* requires that the Minister of Finance's approval is obtained before a ministry seeks an Order in Council (OIC) to enter into a guarantee or indemnity that would increase the contingent liabilities of Ontario. In this case, the Minister of Finance, together with the Minister of Energy, is recommending the OIC to Cabinet and will, acting together with the Minister of Energy, determine the terms and conditions of and execute the proposed guarantee/indemnity in accordance with the OIC, if approved.

5. ADMINISTRATIVE IMPACTS:

To be managed by existing staff.

6. RISKS:

If the protection agreement is not approved, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from IESO or the cost of the financing will be potentially materially greater than it otherwise would be.

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of the OFHP and peak at an estimated $24B to $26B of debt (final cost forecasts TBC), including principal and accumulated interest.

In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time. The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

While it is difficult to estimate the actual impact to the Province's interest on debt (IOD) expense, the worst case scenario would be the Province assuming the debt at its peak. If so, IOD expense may increase between $0.8B and $1.3B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.

It is important to note that, if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (IOD expense) will depend on whether or not some portions of the OFHPA continue in some form, or not. If the payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used. Also, debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

7. COMMUNICATION PLAN

Key Messages

- Ontario's Fair Hydro Plan has resulted in the biggest electricity rate reduction in Ontario's history.
- We have heard from Ontarians across the province that the price of electricity has risen too quickly, which is why we moved forward with a plan to ensure the costs are shared more evenly over the years ahead.
- The government is following through on its commitment to balance the books as announced in its 2017 Budget, while continuing to make investments in priority areas such as electricity price relief.

Strategic Approach

- Low-profile, reactive and targeted to industry stakeholders and government employees as necessary. Reactive messaging contingent upon legislative changes only with back-pocket QAs to support as needed.
- Communications support will continue to be led by the Ministry of Energy.

8. RECOMMENDATION

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) Authorize that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the Ontario Fair Hydro Act, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the General Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council

	makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*), in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act or the Regulation is *ultra vires* in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent.

Optional Replacement:	At any time following the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable, the Obligor shall be entitled (but not obligated) to replace the Financing Entity as obligor and debtor and directly assume all of the Financing Entity's outstanding obligations and liabilities. The Financing Entity (including through the Financial Services Manager) will ensure that any obligation and liabilities undertaken or assumed by it will by their terms permit such a replacement and assumption (or, if applicable, satisfaction and termination) by the Obligor without additional cost or penalty and without any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The Change of Law Protection Agreement will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Protection Agreement applies to such Specified Claim. The Change of Law Protection Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Protection Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims. The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.

Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

From:	Ronald Kwan
To:	John Kim
Subject:	FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Thursday, September 21, 2017 10:24:21 AM
Attachments:	MOF Briefings_OFHP_Protection Agreement_v11.pptx

Hi John,

Have you been getting iterations of this MOF briefing deck as it was being drafted? It's roots appear to be from GBED`s deck for the Minister of Energy from late August.

Ron

From: Anna Strathy
Sent: September-20-17 15:29
To: Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

And here is the updated deck – only change is to slide 6 – the peak debt and IOD #s. We will use this version for the DM/Minister briefing tomorrow.

Anna

From: Anna Strathy
Sent: Wednesday, September 20, 2017 3:26 PM
To: James Strang (MOF) <James.Strang@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>
Cc: 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'Hosick, Sarah (TBS)' <Sarah.Hosick@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi James, Jonathan,

At this morning's 8am meeting with Energy, Deputy Thompson requested a few small tweaks to the submission prior to Minister Sousa's briefing tomorrow. Please find attached, a clean and track-change version of the updated submission.

In addition to the Deputy's comments, we have also updated the peak debt estimate (and associated IOD costs) to reflect the latest information provided by the Ministry of Energy.

Happy to discuss.

Thanks, Anna

From: Anna Strathy
Sent: Wednesday, September 20, 2017 11:00 AM
To: James Strang (MOF) <James.Strang@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi James,

Please find attached, consolidated comments and edits from the OFA, Energy, and MOF Legal, as well as responses to your questions, below.

Please don't hesitate to contact me should you have any questions.

Thanks, Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Tuesday, September 19, 2017 9:36 AM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi,

Attached is a draft TB/MBC note based on draft submission version 8 (also

attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.

Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

- Draft sub takes about a Change of Law Protection Agreement and identifies three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify. The working title of the agreement is the Provincial Protection Agreement; however it is still subject to change.

    - Regarding the third trigger, is this in or out? If in, is there any consideration being given to the Province to narrow the very broad scope? The third trigger is in and it's been narrowed to ensure only a change that adversely impacts the ability of the Financing Entity to collect payments would trigger the protection agreement.

- What are derivative agreements? Payments under derivative agreements? Derivatives agreements are financial contracts entered into by parties to hedge financial risk associated with borrowing for example. In this particular circumstances, the Financing Entity might enter into interest rate swap agreements to hedge the interest rate payable on its issued debt.

- Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market? The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period.

- Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does the requested minute cover off s28 FAA? The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the 2 Ministers seeking the OIC in the form attached. The Minister of Finance will also be requested to approve under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

Thanks in advance,

James Strang
416-327-2071

Provincial Protection and Assurances Agreement

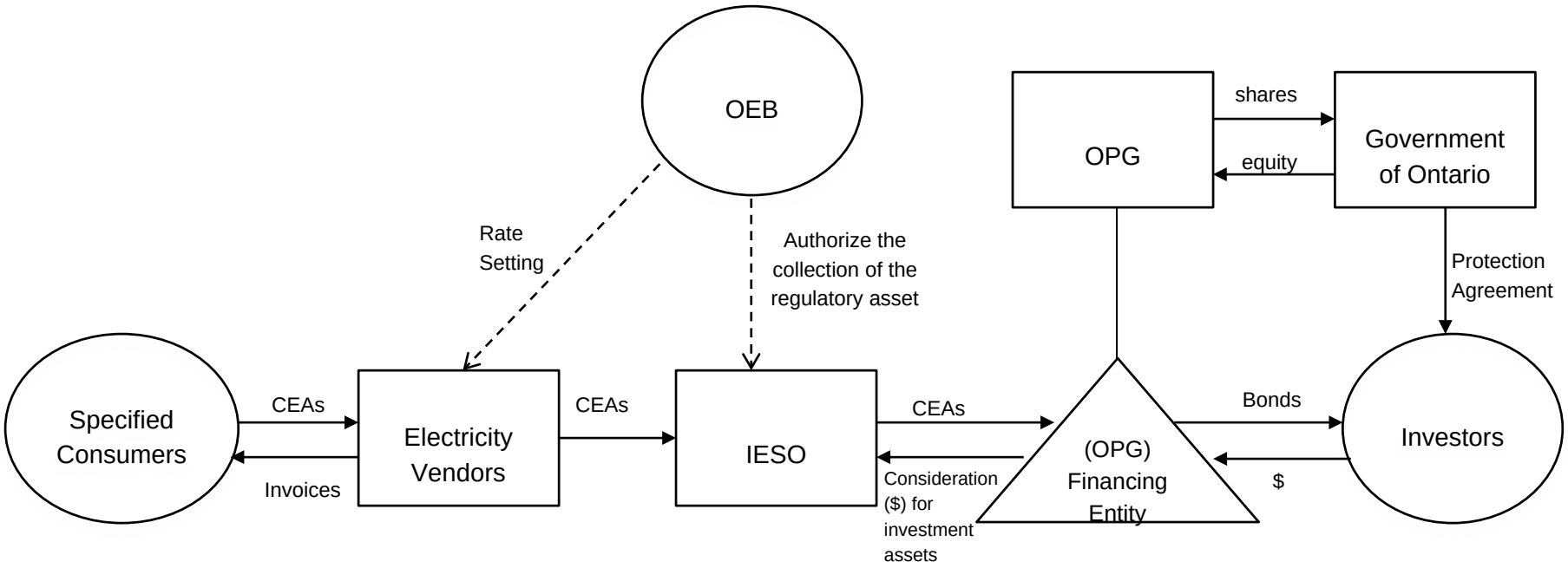
September 20, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Background

- The *Ontario Fair Hydro Plan Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset to recover the balance in the variance account
    - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
    - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
    - The Financing Entity will purchase the regulatory asset, effectively financing the shortfall in current rates not received from ratepayers
- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- OPG has requested that the Province provide a protection agreement that supports the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would take over the funding obligations of the Financing Entity

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provisions Under the Act

- As contemplated under the Act, OPG is requesting a Provincial commitment to support the planned Financing Entity's ability to borrow to finance the deferral of global adjustment amounts in certain limited circumstances
- Under s.5(3) of the OFHP Act,
  - *The LGIC may by order,*
    - *Authorize the Minister (of Energy) and the Minister of Finance, acting together on behalf of the Province,*
      - *To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and*
      - *To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity*
    - *Specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance*
    - *Specify a maximum liability for the guarantee or indemnity*

Provincial Protection Agreement

- OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:
  - Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the *Ontario Fair Hydro Plan Act, 2017*, or new legislation that adversely affect the Financing Entity
  - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
  - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.
- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
  - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access US market as investors in that market will likely require additional compensation if the assumption agreement is triggered

Considerations

- If a protection agreement is not provided, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from the IESO or the cost of the financing will be potentially materially greater than it otherwise would be
- If a protection agreement is provided, the Province takes on a contingent liability
  - The creation of a contingent liability will not currently affect net debt
  - The amount of the contingent liability will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
  - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Proposed Minute

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

a) Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   i. to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and

   ii. to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

From: Ronald Kwan on behalf of Anna Strathy
To: John Kim; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Ken Kandeepan; Mike Manning; Ronald Kwan; Usman Zahid
Subject: FW: Regroup: Protection Agreement, Alternative Option

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-----Original Appointment-----
From: Anna Strathy
Sent: November-17-17 11:02
To: Anna Strathy; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com <mailto:STEPHEN.ASHBOURNE@blakes.com>); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Ken Kandeepan; Mike Manning; Ronald Kwan; Usman Zahid
Subject: Regroup: Protection Agreement, Alternative Option
When: November-17-17 11:00-11:30 (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
Anna to Moderate

From:	Ronald Kwan
To:	John Kim
Subject:	FW: SRA Comments on the Process Agreement
Date:	Friday, November 17, 2017 2:46:37 PM
Attachments:	23239361-v12-CLPA - Process Agreement.DOCX 23239361-vpdf-CLPA - Process Agreement.PDF

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-17-17 14:28
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Cc: VINER, JON <JON.VINER@blakes.com>
Subject: SRA Comments on the Process Agreement

Please see attached.

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[2]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

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[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare.

[2] Once agreements are settled, Province to provide draft notice.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Not less than 10 Business Days prior to (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) resign as the Manager under the Management Agreement; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension

right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation, and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:[3]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in

[3] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Intentionally Deleted

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of

Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[4]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be

[4] Note: Lawyers to discuss assumption mechanics.

considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice and Article VI of this Agreement shall continues to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, **[other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a**

commercially reasonable basis under a Derivative Agreement][NTD: Subject to the input of the dealers.][5]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to OPG, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

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[5] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS[6]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

[6] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement but in no event shall it include obligations to service providers or amounts payable by the Financing Entity to a counterparty under any agreement permitted to be entered into by the Financing Entity pursuant to the Program Agreements.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**")[1] is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[2]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[3]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

[1] ~~We do not believe OPG is entering into this Agreement as agent on behalf of the Trust. Rather, OPG is entering into this Agreement at the request of its shareholder, the Province, in order to satisfy the Province's reporting requirements regarding the Fair Hydro Plan.~~

[2] ~~Blakes to advise what they would like to see as evidence of OPG's establishment of the Trust as a financing entity. OPG can send the Province the retainer of Computershare to act as issuer trustee to the Trust~~[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare.

[3] Once agreements are settled, Province to provide draft notice.

All things necessary to make this Agreement a valid and legally binding agreement of OPG~~,~~ and ~~of~~ the Province ~~in accordance with the Act~~, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the

designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used ~~or~~, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or~~,~~ supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Not less than 10 Business Days prior to (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) ~~(c)~~ Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) ~~(d)~~ Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of ~~its~~the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements ~~(other than Funding Obligation Agreements)~~, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;[4] provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) resign as the Manager under the Management Agreement; or

(C) ~~(B)~~ permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) ~~(ii)~~ promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

[4] ~~Note to the Province: This change was made to ensure that the Province does not have veto rights over the financial terms of the Funding Obligations (consistent with the overall agreement including in particular sections 3.01 and 3.04(a)).~~

(iv) ~~(iii)~~ after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation, and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:[~~5~~3]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

[~~5~~3] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Acknowledgment~~Intentionally Deleted

~~The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG are authorized to deliver the certificate referred to in Subsection **[4.02(b)]** of the Change of Law~~

~~Protection Agreement to the Indenture Trustee confirming that OPG has delivered to the Province all certifications required by the Province in connection with the incurrence of the Primary Obligations in respect of which such certificate is delivered.~~

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document

complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised

Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or

any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution~~,~~ and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution~~,~~ and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[64]

6.01 Election by the Province

~~At~~Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor~~. To make such~~ by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province ~~shall duly complete and~~may deliver to OPG a notice in the form of Exhibit A (an "**~~Exploration~~Election Information Notice**"). The ~~Exploration~~Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the ~~Exploration~~Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the ~~Exploration~~Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

[64] Note: Lawyers to discuss assumption mechanics.

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

~~Within 30 Business Days following~~Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it ~~will~~expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province ~~intends~~expects that assignment and assumption will be effected~~, which may not be earlier than the Proposed Assumption Date~~. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section ~~[~~6.01~~]~~ of the Change of Law Protection Agreement~~, which will specify such date as the "Assumption Closing Date" for the purposes thereof~~. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice and Article VI of this Agreement shall continues to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use ~~its~~ commercially

reasonable efforts to ~~cause the Financing Entity to~~ ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, **[other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement][NTD: Subject to the input of the dealers.]**[5]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to OPG, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a

[5] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

Suspension Notice to the Indenture Trustee, OPG and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.[7]

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

~~By:~~ ~~**ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager~~

By: _____

Name:
Title:

By: _____

Name:
Title:

[7] ~~The Indenture Trustee was removed as a party to this Agreement as it is not subject to any of the provisions in this Agreement.~~

SCHEDULE A
DEFINED TERMS[86]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement. ~~[NTD: To confirm if Change of Law Protection Agreement will attach a form of assumption.]~~

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[8] ~~Province should not have~~[6] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. ~~Province is given sufficient notice of all amendments by the terms of this Agreement~~All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"~~**Exploration**~~**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement but~~, for greater certainty, excludes the "other amounts owing in respect of the funding obligations" in Section 2(2) of the General Regulation~~ in no event shall it include obligations to service providers or amounts payable by the Financing Entity to a counterparty under any agreement permitted to be entered into by the Financing Entity pursuant to the Program Agreements.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ~~EXPLORATION~~ELECTION INFORMATION NOTICE

Document comparison by Workshare Compare on Friday, November 17, 2017 2:25:52 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/11
Description	TOR_2528-#23239361-v11-CLPA_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/12
Description	TOR_2528-#23239361-v12-CLPA_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	66
Deletions	67
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	137

From: Gavin He
To: Ronald Kwan
Cc: Usman Zahid
Subject: FW: TB/MBC - FHP Loan/Cider/FSRA Funding/FST Governance
Date: Wednesday, September 20, 2017 5:34:19 PM

Hi Ron,

Please note that the Minister and the Deputy will be in New York on Monday, so it's unlikely that they will join the TB/MBC on Monday, September 25, 2017. The Associate DM Office has asked the ADMs to get ready to discuss their responsible items. The agenda is not ready yet, but I will share it with you as soon as I get it.

For the FHP item, is there anything you will need prior to the meeting?

Regards,

Gavin He

From: Skoberne, Vivienne (MOF) [mailto:Vivienne.Skoberne@ontario.ca]
Sent: Wednesday, September 20, 2017 5:28 PM
To: Cheryl Donais (MEDTE/MRI) <Cheryl.Donais@ontario.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Sybille Chan (MOF) <Sybille.Chan@ontario.ca>
Subject: FW: TB/MBC - FHP Loan/Cider/FSRA Funding/FST Governance

Please cue up your ADM for TB/MBC on Monday as the M and DM will not be at the meeting.

I will share the agenda as soon as it comes in.

From: Tekle, Jonathan (MOF)
Sent: September-20-17 5:24 PM
To: Skoberne, Vivienne (MOF)
Subject: RE: TB/MBC - FHP Loan/Cider/FSRA Funding/FST Governance

They'll be in New York so highly unlikely.

No agenda yet so still need clarity on discussion\consensus items for the meeting. Nancy may want to attend and delegate lead ADMs for the discussion items – Scott Nelms + Ron Kwan – FHP, Scott Nelms - Cider, David Wai\Sandy Roberts – FSRA and FST.

From: Skoberne, Vivienne (MOF)
Sent: September 20, 2017 4:51 PM

To: Tekle, Jonathan (MOF)
Subject: RE: TB/MBC - FHP Loan/Cider/FSRA Funding/FST Governance

Hi,

Do you know if the Minister is going to TB/MBC on Monday?

Are speaking remarks for the M or DM required for the MOF items listed above?

Do you have an agenda for this super TB/MBC meeting yet?

Lots of questions! Thanks!

Vivienne

Vivienne Skoberne

Office of Regulatory Policy and Agency Relations I Associate Deputy Minister's Office I Ministry of Finance

T:416-212-8063 | C:647-629-8351

vivienne.skoberne@ontario.ca

-----Original Appointment-----
From: Kennedy, Nancy (MOF)
Sent: August-22-17 4:45 PM
To: Kennedy, Nancy (MOF); Skoberne, Vivienne (MOF)
Subject: TB/MBC - FHP Loan/Cider/FSRA Funding/FST Governance
When: September-25-17 3:15 PM-6:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where:

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Ken Kandeepan; Mike Manning; Ronald Kwan
Cc:	Tobias P. Whitfield (MOF); Anna Strathy
Subject:	FW: UPDATED - Fair Hydro -- Change of Law Agreements
Date:	Monday, November 27, 2017 6:40:08 PM

FYI

-----Original Message-----
From: Hanslep, Malle (MOF)
Sent: November 27, 2017 4:53 PM
To: 'ASHBOURNE, STEPHEN'
Cc: Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); VINER, JON; McKinlay, Tom (ENERGY); PRESTAGE, JA
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Steve,

We had a call with Gadi and others at the OFA regarding the business points and here is the instruction for the next draft.

- Remove the assumption option
- Revert to the previous process agreement on most points, e.g. remove changes to recitals, put obligations re: financing plan and forecast back into agreement, keep original scope of obligations covered by certificates, amendments, etc
- Remove the process agreement recital about reference agreements and build Province's non-objection right re: Reference Documentation into 3.03(b).
- As you have already done, include the clear suspension right in both agreements
- include the "known to OPG" in 2.02(b)(iv)
- keep changes you made to 2.02(c),

If you have any other specific questions about the changes please let me know.

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: Ronald Kwan
To: John Kim
Subject: FW: UPDATED - Fair Hydro -- Change of Law Agreements
Date: Monday, November 27, 2017 1:04:43 PM

FYI

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: November-26-17 14:29
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Thanks Gadi. Will let you know what the timing might be.

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Gadi Mayman
Sent: Sunday, November 26, 2017 13:52
To: Hanslep, Malle (MOF)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Thanks, Malle. It looks like they took more of a hatchet than a scalpel to the agreements again, which is unfortunate, but I suppose we should expect that by now.

I don't want to hold this up at all, so please don't let my schedule get in the way of a call if it doesn't match the needs of others. My available times tomorrow are from 11-12, 3:30-4 and 4:30 onwards, but please proceed with the call whenever it best suits everyone else.

Regards,
Gadi

On Nov 26, 2017, at 11:47 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi all,

Please see my email to the provincial legal group after my preliminary review of the mark-ups. There do seem to be a number of points to discuss and I'm sure that Blakes will be able to better identify others. Perhaps an internal provincial call sometime on Monday could be arranged.

Thanks.

Malle

From: Hanslep, Malle (MOF)
Sent: November-26-17 11:41 AM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>); VINER, JON (JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); PRESTAGE, JA (JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>)
Subject: FW: UPDATED - Fair Hydro -- Change of Law Agreements

Hi all,

I have reviewed the agreements and think there are quite a few issues to discuss as a result of the mark-up. I wonder if it would work best to have a provincial legal call on Monday morning to go over the revised drafts and then have a call with our clients at the OFA and Energy afterwards? Below are some of the issues I have identified on a preliminary basis for discussion. There may be additional issues and perhaps some of these points can be worked through with more detail review.

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- 2.01 (a)(iv)(B) – does revised wording work – would be good to work through this wording.

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- 4.02 (b) – they have changed reference to content of certificate to Indenture Trustee (on behalf of bondholders, etc, other parties secured under trust indenture) to confirm that all certifications required by the Province have been provided instead of OPG confirming that all of its obligations to Province and internal requirements and processes in connection with adherence of Limited Guarantee have been done. This is linked to another major change they have proposed to the Process Agreement – looks like they are reducing OPG's obligations to provide certificates to the Province to mirror those that OPG is providing to the Indenture Trustee. This is a significant point and reduces OPG's obligations under the Process Agreement quite a bit and was not discussed at last Tuesday's meeting.

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- Have moved delivery of initial financing plan and forecast amount and Province's failure to object to recitals for timing reasons – agree that there are timing logistics that need to be worked out, but the ability of Provincial representatives to take such actions flows from Ministers power to provide the guarantee – Province needs to develop the best way to deal with these timing issues that works with our authorities and rewrite these provisions. This also applies to "Reference Documents" concept.

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Please let me know what time would work for you on Monday morning. I am going to pass on this email to OFA staff as well so they get a preliminary sense of the mark-up.

Thanks.

Malle
From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>'; 'JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>'
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>'; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>'; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com>'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Hume, Steen (ENERGY); Mansoori, Nina
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=uNW8WZXShU26LtNehaOUzdr-hbnWKd1YihEGlC8Wn9I&s=te3hR7cvpoqYe8TuwTH6T3_2cSP8vrD9P53z8KR8NQ8&e=>

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com>' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew

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Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com<mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>'; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>'; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com>'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__blakes.com&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=uNW8WZXShU26LtNehaOUzdr-hbnWKd1YihEGlC8Wn9I&s=iz7QjbUpkvLlFFu9vLAIyVyrFjegdk4lUGySe1QWkto&e=> | Twitter[twitter.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=uNW8WZXShU26LtNehaOUzdr-hbnWKd1YihEGlC8Wn9I&s=S6qvAIF4EQtuM9prLtr7JduefKZfeqPMkrqB8wIGLDo&e=> | Unsubscribe[blakes.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=uNW8WZXShU26LtNehaOUzdr-hbnWKd1YihEGlC8Wn9I&s=kuZs22GcMW3Zl9VsblfJ3l3vQr81xyc-L5BbAI7M9T8&e=>

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<-CLPA - Process Agreement(November 22_17).pdf> <Blackline_ProtectionAgreement.pdf>
<CLPA - Protection Agreement.docx>
<-CLPA - Process Agreement(November 22_17).docx>

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From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Mike Manning; Ken Kandeepan; Ronald Kwan; Anna Strathy
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: UPDATED - Fair Hydro -- Change of Law Agreements
Date:	Sunday, November 26, 2017 11:47:41 AM
Attachments:	-CLPA - Process Agreement(November 22_17).pdf Blackline_ProtectionAgreement.pdf CLPA - Protection Agreement.docx -CLPA - Process Agreement(November 22_17).docx

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Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Hume, Steen (ENERGY); Mansoori, Nina
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
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TORYS LLP[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>;

'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com [mailto:bwood@torys.com] **On Behalf Of** Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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———————————————

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of **Primary** Obligations ~~Secured~~ that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of ~~certain of~~ the Transaction Documents **listed on Exhibit "A"**, and the Province has not objected to such forms **and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement**.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "Initial Financing Plan"), and the Province has not objected to such Initial Financing Plan.

Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "Initial Forecast")> *setting out OPG's expectations regarding the aggregate maximum amount of Repayments* <>*that would arise in the future under Approved Obligations to be incurred during the* <**24 month period**

[1] ~~Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.~~

[2] ~~Lawyers to discuss~~**We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request**.

following the date hereof> *(the "**Initial Forecast Period**")*<**; and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "Initial Protection Agreement Maximum").**[3]**

The Province has not objected to the Initial Forecast and the Initial> *Protection Agreement Maximum on the basis that (i) there*< **does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.**

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

[3] **Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.**

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT **(ONTARIO)**.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) ~~Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter,~~ OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the **Initial** Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being

effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not **(unless waived by the Province)**:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[3];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired~~.~~**; or**

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where *any penalty or make-whole payment, or any requirement for further consent, approval or agreement,* **of the Specified Creditor party thereto would be required for** *the Province to assume the Obligations Secured* **thereunder.**[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event ~~(or any event that with the passage of time or the giving of notice would be a Protection Event)~~[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

~~[3] Added to address the scenarios contemplated in 2.01(c).~~

[4] Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.

[5] OPG is not in a position to be aware of events that may lead to a Protection Event.

(c) **For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.**[6]

(d) ~~(c)~~ Nothing in this Agreement ~~[~~nor in the Change of Law Protection Agreement~~]~~[47] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[5][8]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG ~~(or their respective designees, provided that such designees are also executive~~**or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as** officers of OPG **acting in its capacity as FSM**) and addressed to the Province, on ~~the earlier of (i) one Business Day prior to~~**or before** the incurrence ~~or any amendment~~ of a ~~Funding~~**Certified Primary** Obligation (~~other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities~~**provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation**), setting out the following with respect to such ~~Funding~~**Certified Primary** Obligation:

[6] **We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.**

[47] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. **Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.**

[5] ~~OPG/Dealers have indicated that "The current structure requiring satisfaction of~~<~~*the adherence conditions*~~>in~~[8] **The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under** the Protection Agreement ~~impacts the marketability of the transaction and creates uncertainty for investors. Province has asked Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors~~**. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to**> *the adherence conditions* <**may not be clear**.

(a) the material terms of the ~~Funding~~**Certified Primary** Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a ~~Derivative~~**Master** Agreement[9]**, events of default**~~, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights~~ **termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation)**;

~~(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;~~

(b) ~~(c)~~ a statement to the effect that: (i) the ~~Funding~~**Certified Primary** Obligation to be incurred~~ or amended~~ (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(c) ~~(d)~~ a statement confirming that any disclosure made in respect of the ~~Funding~~**Certified Primary** Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Funding~~**Certified Primary** Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(d) ~~(e)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) ~~(f)~~ confirmation that, at the time the ~~Funding~~**Certified Primary** Obligation is incurred~~ or amended~~, the maximum aggregate payment amounts due or becoming

[9] **Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.**

due in the future in respect of Repayments under the ~~Funding~~**Certified Primary** Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the **then applicable** Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Delivery of a Suspension Notice~~ Acknowledgement[10]

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section ~~8.01~~<~~*of the Change of Law Protection Agreement*~~>~~, the Province is entitled to deliver a Suspension Notice. The Province agrees not to deliver a Suspension Notice pursuant to Section 8.01~~**3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(b)] of the** Change of Law Protection Agreement ~~unless any of the following circumstances has occurred:~~**to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(b)]**> *of the Change of Law Protection Agreement*< **is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(b)] of the Change of Law Protection Agreement other than in connection with a Refinancing.[11]**

~~(a) a Program Breach; and~~

~~(b) a Breach Event.~~

[10] **OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.**

[11] **Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.**

3.03 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(~~c~~b), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(~~c~~b), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[12]

~~(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast<~~ ~~*setting out OPG's expectations regarding the aggregate maximum amount of Repayments*~~ ~~><that would arise in the future under Approved Obligations to be incurred during the >next following 24 month period<~~ ~~*(the "**Initial Forecast Period**")*~~ ~~>, which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.~~

~~(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial<~~ ~~*Protection Agreement Maximum on the basis that (i) there*~~ ~~> appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.~~

(a) ~~(c)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) ~~(d)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the

[12] **Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.**

revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~e~~a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is ~~not less~~more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(e)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or

any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[6][13]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured~~,~~ **permitted to be assumed by their terms** as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit ~~A~~**"D"** (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date **or dates** on which the Province proposes to assume the Obligations Secured **referred to in this Section 6.01**, which date **or dates** shall be no earlier than ~~20 Business Days~~**60 days**[14] following delivery of the Election Information Notice to OPG (**with respect to each such Obligation Secured,** the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

~~Promptly~~**Within 10 Business Days** following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under ~~all~~**the** Obligations Secured **referred to in Section 6.01** as of the Proposed Assumption Date, together with a

[6] ~~Note: Lawyers to discuss assumption mechanics~~[13] **Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).**

[14] **This process will take time and require appropriate notice to holders of the applicable Obligations Secured.**

detailed schedule setting out the dates on which such amounts will become due and payable under ~~the~~**such** Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured **referred to in Section 6.01** that permit the ~~Financing Entity to assign the~~**Province to assume such** Obligations Secured ~~to the Province~~, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured **referred to in Section 6.01** arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured **referred to in Section 6.01** by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured **referred to in Section 6.01** and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured **referred to in Section 6.01** by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

ARTICLE VII In order to permit< *the Province to assume the Obligations Secured* >in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without< *any penalty or make-whole payment, or any requirement for further consent, approval or agreement,* >or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[7][15]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager. **ARTICLE VIII**

[7] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties[15] **Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.**

~~MISCELLANEOUS~~
MISCELLANEOUS

7.01 ~~8.01~~ Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 ~~8.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189
~~Email: [■]~~

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~8.02~~**7.02**.

7.03 ~~8.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section ~~8.03~~**7.03** shall be null and void.

7.04 ~~8.04~~ Enurement

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

7.05 ~~8.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 ~~8.06~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" means the occurrence ~~or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under this Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under this Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03~~**of an event described in Section [8.01(b) or (c)]** of the Change of Law Protection Agreement~~, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager~~.

~~has the meaning ascribed thereto in Section 7.01.~~

~~"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"Certified Primary Obligations" means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the

[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?

Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"Executive Officer" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~e~~a).

[17] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"Initial Financing Plan" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in ~~Section 4.01(a)~~**the recitals of this Agreement**.

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~Section 4.01(a)~~**the recitals of this Agreement.**

"Initial Protection Agreement Maximum" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~"**Legislature**" means the Legislature of the Province of Ontario.~~

[18]

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"Loan Agreement" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

[18] Definition of Legislature not used here.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"Master Agreement" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

~~"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.~~

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03.~~**3.03.**

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04.~~**3.04.**

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to ~~an ISDA~~**a** Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A<
~~FORM OF ELECTION INFORMATION NOTICE~~>"
INITIAL REFERENCE DOCUMENTATION

- **Declaration of Trust;**
- **Management Agreement;**
- **Master Transfer and Servicing Agreement;**
- **Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;**
- **Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;**
- **Trust Indenture;**
- **Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;**
- **Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and**
- **Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.**

[NTD: List above to be confirmed.]

EXHIBIT "B"
INITIAL FINANCING PLAN

(see attached)

EXHIBIT "C"
INITIAL FORECAST

(see attached)

EXHIBIT "D">
FORM OF ELECTION INFORMATION NOTICE<

[NTD: Blakes to provide draft.]

~~**EXHIBIT B**~~
~~**FORM OF BREACH EVENT SUSPENSION NOTICE**~~

Document comparison by Workshare Compare on November-24-17 1:50:23 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24529785/1
Description	#24529785v1<TorysAtWork> - -CLPA - Process Agreement(November 22/17)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24529785/2
Description	#24529785v2<TorysAtWork> - -CLPA - Process Agreement(November 22/17)
Rendering set	strikeout-colour

Legend:	
Insertion	
~~Deletion~~	
<~~*Moved from* ~~>	
>*Moved to* <	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	166
Deletions	124
Moved from	9
Moved to	9
Style change	0
Format changed	0
Total changes	308

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~1~~[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] **This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.**

~~1~~ ~~Torys and Blakes to discuss signatory~~[2] **Please advise if there are any further issues with the Manager signing the Protection Agreement** on behalf of the Trust**? If so, can you please explain the issue**. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would ~~propose to do the same on the change of law agreement~~**like the Manager to sign this Agreement on behalf of the Trust**.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[~~2~~]**[3]** dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of **Primary** Obligations ~~Secured~~ that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence

~~[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things~~**[3] We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request**.

Conditions at the time the Approved Obligation is incurred ~~or amended~~. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT **(ONTARIO)**.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR

OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest

calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able

on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified **Guarantee** Payment Date:

i. Not less than ~~[~~3~~]~~ Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement~~, substantially in the form attached as Exhibit A.1~~< ~~*(a "Guarantor Settlement Statement")*~~> setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder> *(a "Guarantor Settlement Statement")*<[4].

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to

[4] Given timing, we would appreciate if the parties did not negotiate this form now.

whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) ~~(i)~~ the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) ~~(ii)~~ the Province shall be paid the ~~amount by which~~**lesser of** (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(~~i~~**A**), ~~exceeds~~**and (y)** the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and[5]

(C) ~~(iii)~~ no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(~~ii~~**B**) shall

[5] **We thought this section required tweaking to reflect the intention of the parties.**

be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)~~v~~**(iv)(B)**, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation **by their terms**.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under **and** in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive

damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[3] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable

~~[3] Mechanics of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.~~

Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[4]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer

[4] ~~A corresponding provision needs to be added to the Trust Indenture and each other Funding Obligation Agreement under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.~~

or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations~~, or until the Province is no longer required to provide and perform the Limited Guarantee~~ in accordance with Section ~~6.03 or Section 8.02~~ 9.01.[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

[6] We made this change to be consistent with the termination clause in section 9.01.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if **(i)** the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred**, or (ii) the Province, in its sole discretion, agrees it is an Approved Obligation**.

4.02 Adherence Conditions[5][7]

The following shall be the Adherence Conditions applicable in relation to each **Certified** Primary Obligation ~~other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity~~:

(a) the **Certified** Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG ~~(or their respective designees, provided that such designees are executive officers of OPG and,~~ **, or any two Executive Officers of OPG (**for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, ~~one Business Day prior to the Financing Entity entering into or becoming bound by the related Funding Obligation Agreement~~**on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation)**, confirming that OPG has ~~delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG~~

[5] ~~Dealers to explain how the current structure requiring satisfaction of the adherence conditions in~~[7] **We would propose that the certification in section 4.02(b) of** the Protection Agreement ~~is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors~~**track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province**.

[8] **We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.**

~~(or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to~~**provided to the Province all certifications required by** the Province~~ and internal requirements and processes~~ in connection with the ~~adherence of the Limited Guarantee to the~~**incurrence of such Certified** Primary Obligation; and

(c) in respect of a **Certified** Primary Obligation other than a Refinancing~~ of a Primary Obligation in respect of which the Adherence Conditions had been satisfied~~, the Province has not provided **a** Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, **(y)** satisfaction of the Adherence Conditions for a ~~Funding~~**Certified Primary** Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the ~~Funding~~**Certified Primary** Obligation, as such ~~Funding~~**Certified Primary** Obligation may be amended, restated, supplemented or otherwise modified from time to time**, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation**.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)~~(x)~~ in connection with an incurrence of a **Certified** Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. **A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b), such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the incurrence of a Certified Primary Obligation.**[9]

[9] This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[**Sections 7.04 through 7.11**>** *and 8.13 (Payment Priorities),* **<**Section ~~7.11~~7.12 **(Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits),** ~~Sections 7.04~~**<** ~~*and 8.13 (Payment Priorities),*~~ **>Section 8.14 (Limited Recourse), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)** ~~thereof]~~ and (ii**]; (ii) consents, requests and authorizes the**

Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection [13.13(b)] of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection [9.14(b)] of the Trust Indenture, and (iii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[6][10]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee ~~and~~**or** subrogee**, as applicable,** of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED[11]

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured~~, as~~

[6] ~~Section to be updated~~[10] **These changes were made** to conform ~~with section in~~**to the latest draft of** the Trust Indenture~~ once settled~~**, a copy of which will be circulated soon**.

[11] **Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.**

~~obligor and debtor~~ **permitted to be assumed by their terms** (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of ~~the~~**such** Obligations Secured will be effective (~~the~~**each such date being an** "**Assumption Closing Date**").[12]

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured **referenced in Section 6.01** by and from the Financing Entity to and by the Province~~,~~ by the **applicable** Assumption Closing Date.[7]

6.03 Effect of Assignment and Assumption

On the date that the assignment and assumption of the Obligations Secured **referenced in Section 6.01** by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under ~~the~~**such** Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. ~~**[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**~~

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured **referenced in Section 6.01** by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee **with respect to those Obligations Secured**.

~~6.05 Rights in respect of the Assets Comprising the Collateral~~

~~Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the~~

[12] **It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).**

[7] ~~Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.~~

~~Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.~~

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals ~~or Issuance of Notes~~

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee[13]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; **and**

~~(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;~~

~~(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and~~

[13] **The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion.**

(b) ~~(d)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

Upon:

(a) **a Program Breach; or**

(b) **a default in the performance, or breach, of any covenants or representations of the FSM to the Province in connection with an incurrence or amendment of Primary Obligations, which continues for thirty (30) days after written notice by the Province to the FSM of such default or breach; or**

(c) **the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,**

~~The~~**the** Province may~~, at any time and for any reason,~~ declare that the Limited Guarantee under this Agreement shall not apply to any ~~Obligation Secured~~**Primary Obligations** incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Province to the Indenture Trustee, the FSM and the Financing Entity.[15]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any **Primary** Obligation ~~Secured~~ incurred ~~or amended~~[16] on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied. For greater certainty, the rights of the Province under Article VI shall apply in respect of ~~all~~**the** Obligations Secured **referenced in Section 6.01**, including if incurred ~~or amended~~ on or after the time such Suspension Notice is delivered.

[14] **We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.**

[15] **OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.**

[16] **We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.**

~~8.03 **Termination Notice** On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").~~[17]

8.03 ~~8.04~~ No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ~~Article~~ARTICLE VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the ~~later of:(a)~~ ~~the~~ date that no amount is or may become due and payable by the Province under the Limited Guarantee~~; and(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity~~.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

[17] We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: ~~[■]~~**General Counsel**
Fax: (416) ~~[■]~~
~~Email: [■]~~**592-4189**

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: ~~[■]~~**Manager, Corporate Trust**
Fax: (416) ~~[■]~~**981-9777**
Email: ~~[■]~~**corporatetrust.toronto@computershare.com**

~~[■]~~

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: ~~[■]~~**General Counsel**
Fax: (416) ~~[■]~~**592-4189**

~~Email: [■]~~

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, ~~[~~BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER~~]~~[8]

By: _____
Name:
Title:
By: _____
Name:
Title:

[8] ~~To be discussed.~~

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of athe Certified Primary Obligation, meansObligations, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month [during each Reference Period from and after May, 2021][9] is equal to the [estimated finance amountFinance Amount determined in respect of such Reference Period pursuant tofor purposes of section •15(1) of the General Regulation (as set forthAct (in effect on

[9] What about earlier periods? Are the earlier periods covered at all, or is the intention that they would be determined without regard to the acceleration mechanics of the Regulation?

the date hereof)]10 divided by the number of months in such Reference Period.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation**applicable Supplemental Indenture or Loan** Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.<*"**Assumption Closing Date**" has the meaning ascribed thereto in Section ><6.01>**the applicable Supplemental Indenture or Loan Agreement**.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

>*"**Assumption Closing Date**" has the meaning ascribed thereto in Section <>6.01<*.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01."**Available Collections**" has the meaning ascribed thereto in the Trust Indenture**6.01**.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"Certified Primary Obligations" means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[18] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[19]

10 This needs to tie into the "estimated finance amount" determined under the General Regulation applicable during the Reference Period.

18 **Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?**

19 **This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.**

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"Executive Officer" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with~~**has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and** the Declaration of Trust, ~~the trustee of the~~ **and thereafter "**Financing Entity ~~at~~**Trustee" means and includes** such ~~time.~~ **Person.**[20]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

>*"**General Regulation**" means O. Reg. 206/17 made under the Act.*<

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

[20] **We are merely conforming this definition to the definition of Indenture Trustee.**

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

~~<"***General Regulation***" *means O. Reg. 206/17 made under the Act.*>~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"Lien" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"Loan Agreement" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"Master Agreement" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.~~

[21]

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

~~"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account~~,~~ **or** Finance Reserve Account~~, or Supplemental Reserve Account~~; **and** (ii) any ~~amounts that would be remaining amounts of Available Collections required by the to be held <*in the Collection Account*> for distribution on a succeeding Payment Date<*pursuant to the Trust Indenture*>; and (iii) any obligation to pay the Trust~~**obligation to pay the Financing Entity** or on the ~~Trust~~**Financing Entity**'s direction any remaining amounts ~~of Available Collections.~~><u>*in the Collection Account*<> *pursuant to the Trust Indenture*<</u>.[22]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, ~~early amortization event,~~ termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[23]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

[21] **The definition of Notes is not used in the Agreement.**

[22] **These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the water fall and is not required to be held in the Collection Account otherwise.**

[23] **We deleted early amortization events because that is no longer a concept used in the Trust Indenture.**

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the ~~[~~Crown~~]~~, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

~~"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in in the General Regulation as of the date hereof."~~"**~~Repayment~~Reference Period**" has the meaning ascribed thereto in the ~~General Regulation~~**Act**.

"Refinancing" means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.[24]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"Supplemental Indenture" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

~~"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.~~

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[24] **Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be).**

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: **Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "Province")**

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "Financing Entity"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "Change of Law Protection Agreement"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

~~**EXHIBIT A.1**~~
~~**FORM OF GUARANTOR SETTLEMENT STATEMENT**~~

EXHIBIT B
ASSUMPTION NOTICE

[NTD: Blakes to provide draft]

EXHIBIT C
SUSPENSION NOTICE

~~**EXHIBIT D**~~
~~**TERMINATION NOTICE**~~

~~**EXHIBIT E**~~

~~**FORM OF ASSUMPTION AGREEMENT**~~

[NTD: Blakes to provide draft]

Document comparison by Workshare Compare on November-24-17 1:52:11 PM

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Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24533583/2
Description	#24533583v2<TorysAtWork> - CLPA - Protection Agreement
Rendering set	strikeout-colour

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Insertion	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Deletions	148
Moved from	7
Moved to	7
Style change	0
Format changed	0
Total changes	342

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.

[2] Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder (a "**Guarantor Settlement Statement**")[4].

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment

[4] Given timing, we would appreciate if the parties did not negotiate this form now.

provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(A), and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and[5]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay

[5] We thought this section required tweaking to reflect the intention of the parties.

Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)(iv)(B)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 9.01.[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

[6] We made this change to be consistent with the termination clause in section 9.01.

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, agrees it is an Approved Obligation.

4.02 Adherence Conditions[7]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has provided to the Province all certifications required by the Province in connection with the incurrence of such Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency

[7] We would propose that the certification in section 4.02(b) of the Protection Agreement track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province.

[8] We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.

or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b), such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the incurrence of a Certified Primary Obligation.[9]

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities),**

[9] This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.

Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[10]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee or subrogee, as applicable, of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

[10] These changes were made to conform to the latest draft of the Trust Indenture, a copy of which will be circulated soon.

ARTICLE VI
NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED[11]

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of such Obligations Secured will be effective (each such date being an "**Assumption Closing Date**").[12]

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province by the applicable Assumption Closing Date.

6.03 Effect of Assignment and Assumption

On the date that the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under such Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom.

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee with respect to those Obligations Secured.

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[11] Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.

[12] It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee[13]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

Upon:

(a) a Program Breach; or

(b) a default in the performance, or breach, of any covenants or representations of the FSM to the Province in connection with an incurrence or amendment of Primary

[13] The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion.

Obligations, which continues for thirty (30) days after written notice by the Province to the FSM of such default or breach; or

(c) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Province to the Indenture Trustee, the FSM and the Financing Entity.[15]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred[16] on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied. For greater certainty, the rights of the Province under Article VI shall apply in respect of the Obligations Secured referenced in Section 6.01, including if incurred on or after the time such Suspension Notice is delivered.[17]

8.03 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ARTICLE VI.

[14] We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.

[15] OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.

[16] We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.

[17] We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of the Certified Primary Obligations, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof) divided by the number of months in such Reference Period.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the applicable Supplemental Indenture or Loan Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of assumption agreement set forth in the applicable Supplemental Indenture or Loan Agreement.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[18] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[19]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

[18] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?

[19] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.

these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.[20]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

[20] We are merely conforming this definition to the definition of Indenture Trustee.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

[21]

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

[21] The definition of Notes is not used in the Agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[22]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[23]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay

[22] These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise.

[23] We deleted early amortization events because that is no longer a concept used in the Trust Indenture.

Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.[24]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[24] Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be).

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
ASSUMPTION NOTICE

[NTD: Blakes to provide draft]

EXHIBIT C
SUSPENSION NOTICE

[NTD: Blakes to provide draft]

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of the Transaction Documents listed on Exhibit "A", and the Province has not objected to such forms and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "**Initial Financing Plan**"), and the Province has not objected to such Initial Financing Plan.

Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the 24 month period following the date hereof (the "**Initial Forecast Period**"); and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "**Initial Protection Agreement Maximum**").[3]

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[2] We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.

[3] Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working

The Province has not objected to the Initial Forecast and the Initial Protection Agreement Maximum on the basis that (i) there does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

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with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Initial Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations

(including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.[6]

(d) Nothing in this Agreement nor in the Change of Law Protection Agreement[7] shall limit the obligations of the Province under the Indemnity Agreement by the

[4] Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.

[5] OPG is not in a position to be aware of events that may lead to a Protection Event.

[6] We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.

[7] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in **Error! Unknown document property name.**

Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[8]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), setting out the following with respect to such Certified Primary Obligation:

(a) the material terms of the Certified Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Master Agreement[9], events of default, termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation);

(b) a statement to the effect that: (i) the Certified Primary Obligation to be incurred (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and

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favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.

[8] The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under the Protection Agreement. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to the adherence conditions may not be clear.

[9] Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.

(4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(c) a statement confirming that any disclosure made in respect of the Certified Primary Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Certified Primary Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(d) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) confirmation that, at the time the Certified Primary Obligation is incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Certified Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the then applicable Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement[10]

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection **[4.02(b)]** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required

[10] OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.

certifications to the Province in connection with the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection **[4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection **[4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing.[11]

3.03 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(b), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(b), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation

[11] Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.

themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[12]

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

[12] Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[13]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit "D" (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date or dates on which the Province proposes to assume the Obligations Secured referred to in this Section 6.01, which date or dates shall be no earlier than 60 days[14] following delivery of the Election Information Notice to OPG (with respect to each such Obligation Secured, the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Within 10 Business Days following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under the Obligations Secured referred to in Section 6.01 as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under such Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured referred to in Section 6.01 that permit the Province to assume such Obligations Secured, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured referred to in Section 6.01 arise;

[13] Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).

[14] This process will take time and require appropriate notice to holders of the applicable Obligations Secured.

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured referred to in Section 6.01 by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured referred to in Section 6.01 and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured referred to in Section 6.01 by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

ARTICLE VII[15]
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

[15] Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" means the occurrence of an event described in Section **[8.01(b) or (c)]** of the Change of Law Protection Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

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[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?

[17] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Executive Officer**" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Financing Plan**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

[18]

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Agreement**" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

[18] Definition of Legislature not used here.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the

Financing Entity; (ix) the form of schedule to a Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;
- Trust Indenture;
- Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;
- Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and
- Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.

[NTD: List above to be confirmed.]

EXHIBIT "B"
INITIAL FINANCING PLAN

(see attached)

EXHIBIT "C"
INITIAL FORECAST

(see attached)

EXHIBIT "D"
FORM OF ELECTION INFORMATION NOTICE

[NTD: Blakes to provide draft.]

From: Ronald Kwan
To: John Kim
Subject: FW: UPDATED - Fair Hydro -- Change of Law Agreements
Date: Friday, November 24, 2017 4:51:31 PM

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: November-24-17 16:30
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: 'ASHBOURNE, STEPHEN' <stephen.ashbourne@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: Fw: UPDATED - Fair Hydro -- Change of Law Agreements

Hi all

Before we discuss with Oslers and Torys we will have to review these agreements and if there are issue,s that need to be discussed with clients to do that as well so don't think this timing works well for us. Also I have a number of meetings already scheduled for Monday. So it may be that Tuesday works better for us.

Of course we will be reviewing over the weekend because this is the window that they leave us but not sure we will have time for the review and client consultation we need

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Mansoori, Nina <nmansoori@torys.com>
Sent: Friday, November 24, 2017 15:58
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Provincial legal/Blakes/Oslers teams,

As a follow up to my email below and given the challenges with all our schedules, we thought it prudent to block off some time on Monday to discuss the revised Change of Law Agreements. I can confirm that Torys is available for a call between 9:30 am and 2 pm on Monday. Please let us know what times work for you in that window and we will circulate a dial-in.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=9m98rVAPpoIVMtDapJnsx-Zy-vfRvPJiIg4PXTMhLr0&s=Uk6HsjWwUrOAyrEEQCJ5ZWiNFO3BpINHPRXDb9pwX8s&e= > [Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=9m98rVAPpoIVMtDapJnsx-Zy-vfRvPJiIg4PXTMhLr0&s=Uk6HsjWwUrOAyrEEQCJ5ZWiNFO3BpINHPRXDb9pwX8s&e= >

From: Mansoori, Nina
Sent: November-24-17 2:15 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole

<Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

All – apologies, my email below did not have a blackline for the Process Agreement. It is attached. Thank you.

Nina Mansoori

From: Mansoori, Nina
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena

(ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com<mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

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_____

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From:	Mike Manning on behalf of Ramchandani, Rima
To:	Ronald Kwan; LEE John -TREASURY; RYFA Ken -TREASURY; "HAHN PARKER Janet -TREASURY"; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; "Sebastiano, Rocco"; Milligan, Peter; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); "ASHBOURNE, STEPHEN"; "ian.benaiah@rbccm.com"; "Khan, Nur (nur.khan@rbccm.com)"; "brent.r.taylor@rbccm.com"; "katrina.niehaus@gs.com"; "brian.delaney@gs.com"; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc:	Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); Tom McKinlay (MAG); Mark Donaldson (MOF)
Subject:	FW: UPDATED - Fair Hydro -- Change of Law Agreements
Start:	Tuesday, November 21, 2017 5:00:00 PM
End:	Tuesday, November 21, 2017 10:00:00 PM
Location:	Torys - 79 Wellington 33rd Floor

-----Original Appointment-----
From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, November 15, 2017 4:07 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Gadi Mayman; Mike Manning; Malle Hanslep (MOF); 'ASHBOURNE, STEPHEN'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); Tom McKinlay (MAG); Mark Donaldson (MOF)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-10:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

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From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Mike Manning; Ken Kandeepan; Ronald Kwan; Anna Strathy; Daniel Cayley (ENERGY); Mark Donaldson (MOF); Veinot, Cindy (TBS); Mark Donaldson (MOF)
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: UPDATED - Fair Hydro -- Change of Law Agreements (Rating Agency Comments)
Date:	Friday, December 01, 2017 1:11:31 PM
Attachments:	DBRS Comments (Change of Law Protection Agreement).DOCX

Please see attached email from Torys setting out proposed responses to the DBRS comments for review.

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: December 1, 2017 1:00 PM
To: Hanslep, Malle (MOF)
Cc: Mansoori, Nina; Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; JON.VINER@blakes.com; JA.PRESTAGE@blakes.com; Milligan, Peter; Sebastiano, Rocco; Fullerton, Rick; Feldman, Michael; Saulnier, Brett; Thouin, Alena (ENERGY); McKinlay, Tom (MAG); LEE John -TREASURY; WONG Leslie -LAWDIV
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements (Rating Agency Comments)

All, attached are draft responses to the DBRS questions on the Change of Law Protection Agreement prepared by Torys. The attached is being circulated to all parties for review concurrently. We prepared the attached responses based on the most recent drafts of the agreements circulated by Torys (as a reminder, Nina circulated revised drafts last Friday (Nov 24) and I sent around a few minor updates on Wednesday of this week).

In order to ensure we are continuing to advance the rating agency process at an appropriate pace to meet our end of year financing deadline, OPG would like to respond these questions **by no later than Monday**. As such, we would appreciate if Osler and Blakes/the Province could let us know as soon as possible (and by Monday) if they are comfortable with the attached responses or if they have any comments. I would note that a few of the draft responses depend on whether or not the Province has accepted the language as proposed by Torys/Osler in the most recent drafts circulated.

In addition, we would appreciate if the Province could advise when we should expect to see revised drafts of the Change of Law agreements – I understand that John Lee has discussed with the business folks and relayed that the documents will need to be circulated today in order to meet our deadlines.

Thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: Ramchandani, Rima
Sent: November-29-17 8:29 PM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Cc: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; JON.VINER@blakes.com; JA.PRESTAGE@blakes.com; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements (Rating Agency Comments)

Malle, Steve and Osler Team, attached are rating agency comments on the change of law protection agreement just received from DBRS. We are reviewing these concurrently but are circulating to all parties now in the interests of time (you will see that many of the comments are simply to provide notices to the rating agencies of certain events and there are also some questions about the subrogation mechanics that Blakes/Osler/Torys will need to consider).

Malle and Steve, I expect you previously received the comments communicated to the dealers from Moodys – for

ease of reference, I am attaching those comments to this email as well.

Rima

P. 416.865.7666

From: Ramchandani, Rima
Sent: November-29-17 12:12 PM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Cc: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; JON.VINER@blakes.com; JA.PRESTAGE@blakes.com; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; LEE John - TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Malle and Steve, we received a few minor comments from the indenture trustee on the Protection Agreement which are reflected in the attached blackline. We also updated the attached change of law agreements to reflect the following:

- Provide the correct cross-reference in the definition of "executive officers".
- Update the list of Initial Reference Documentation in Schedule A to the Process Agreement to remove the references to the term debt supplements, Master ISDA and OM (since the term deal is no longer closing this year, we are anticipating that those documents may not be finalized prior to execution of the change of law documents).
- A minor change to Section 3.01(e) of the Process Certificate provisions – as we were drafting the form of this certificate for OPG, we realized that the clause didn't work as drafted because it required OPG to make a forward-looking certification tied to a rolling Protection Agreement Maximum. Whenever certified primary obligations are incurred, OPG will certify that the principal payable under those certified primary obligations (together with all other principal repayments in respect of Approved Obligations as of that date) do not exceed the Protection Agreement Maximum at the time of incurrence.

Blacklines are to the versions Nina circulated on Friday. Happy to discuss if you have any questions.

Thanks,
Rima

Rima Ramchandani

P. 416.865.7666

From: Ramchandani, Rima
Sent: November-27-17 2:28 PM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Cc: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; JON.VINER@blakes.com; JA.PRESTAGE@blakes.com; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; LEE John - TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Malle, I appreciate there may have been more blacklining than you expected, but we didn't view the changes as deviating from our business discussion last week. From our perspective, the changes were mainly clean up in nature and we tried to include explanatory footnotes to the revisions so you understood our rationale for the changes. The only point we think we need to discuss is how the assumption is intended to

work given that we understand the Province is no longer requiring a right to exchange the Fair Hydro bonds with Provincial bonds — this wasn't a point we discussed in any detail in our meeting so I think we we need to just talk through how we think this would work and then address in the docs as appropriate.

We are on standby and will make ourselves available to discuss at your convenience.

Thanks,
Rima

Sent from my iPhone

On Nov 27, 2017, at 1:55 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi Rima,
>
> Unfortunately we can't set a time yet as the review is taking longer and more client consultation will be required because there were so many revisions made that were outside the discussion of business points on Tuesday.
>
> Malle
>
> -----Original Message-----
> From: Ramchandani, Rima [mailto:rramchandani@torys.com]
> Sent: November 27, 2017 1:49 PM
> To: Hanslep, Malle (MOF); Mansoori, Nina; Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
> Cc: Feldman, Michael; Saulnier, Brett; Thouin, Alena (ENERGY); McKinlay, Tom (MAG); LEE John -TREASURY; 'WONG Leslie -LAWDIV'
> Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements
>
> Hi Malle, just checking in to see if you think we will need to block off some time to discuss the change of law agreements tomorrow or whether you think we will be able to settle the drafts without a call? -- Rima
>
> Rima Ramchandani
>
> P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
>
> Torys LLP
> 79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]
>
> -----Original Message-----
> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> Sent: November-24-17 4:33 PM
> To: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>; 'Milligan, Peter' <PMilligan@osler.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; 'Fullerton, Rick' <RFullerton@osler.com>
> Cc: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>
> Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Nina

I'm not sure that this timeframe is doable as we have to review and consult with clients before having this call . I think Tuesday is probably more reasonable to give us time to review the draft that we received late this afternoon coming out of comments at a meeting last Tuesday evening

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Mansoori, Nina
Sent: Friday, November 24, 2017 15:58
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Provincial legal/Blakes/Oslers teams,

As a follow up to my email below and given the challenges with all our schedules, we thought it prudent to block off some time on Monday to discuss the revised Change of Law Agreements. I can confirm that Torys is available for a call between 9:30 am and 2 pm on Monday. Please let us know what times work for you in that window and we will circulate a dial-in.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]<http://www.torys.com[torys.com]>
[Torys LLP]<http://www.torys.com[torys.com]>

From: Mansoori, Nina
Sent: November-24-17 2:15 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)'

<nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

All – apologies, my email below did not have a blackline for the Process Agreement. It is attached. Thank you.

Nina Mansoori

From: Mansoori, Nina
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May - TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken - TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet - TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May - TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These

versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com<mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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Blake, Cassels & Graydon LLP
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DBRS Comments on Change of Law Protection Agreement

Below are DBRS comments on the draft Change of Law Protection Agreement sent to DBRS on November 22. Our responses are noted below each comment.

(1) Will there be a legal opinion addressing the binding nature and enforceability of the Protection Agreement on its terms?

> ***Torys Response***: Yes, legal opinions regarding the enforceability of the Change of Law Protection Agreement will be delivered on closing (subject to customary limitations for enforceability opinions delivered in respect of contracts executed by the Province).

(2) Section 1.15: DBRS expects any material amendment or material waiver to the agreement to be subject to a RAC and prompt notice of any other amendments/waivers/consents.

> ***Torys Response***: We will make these changes.

(3) Section 2.01: Please provide DBRS prompt written notice of a Protection Event.

> ***Torys Response***: We will make this change.

(4) Section 2.01 (a): "Payment Date" is not defined in this Agreement. Is the reference to the Guarantee Payment Date?

> ***Torys Response***: This was a typo. The reference to "Payment Date" will be changed to "Guarantee Payment Date".

(5) Section 2.01 (a)(iv)(ii): Subrogated Amounts: this calculation is confusing and seems to missing the next prong "y". Is the subrogated amount the amount that has been actually paid to the Beneficiary by the Province in relation to the amounts payable from amounts available?

> ***Torys Response***: This will be revised to refer to the lesser of (x) and (y).

(6) To the extent the amounts paid by the Province into the Protection Account exceed the amounts payable to Beneficiary from amounts available – is that excess the subrogation amount or is that excess just returned to the Province?

> ***Torys Response***: Any excess amount would be returned to the Province.

(7) As a general comment: With respect to subrogation amounts owing to the Province - the Province seems to maintain a subrogated claim against the Financing Entity that has the same ranking as the Beneficiary obligation that has been paid by the Province and that subrogated claim is to be paid on the same date the amounts on deposit in the Protection Account are paid to the Beneficiary (i.e. the Province's subrogated claim becomes a Specified Creditor under the Trust Indenture and potentially ranks in priority or pari passu to all other securityholders claims depending on applicable Beneficiary's obligation's respective ranking within the trust indenture waterfall). How will this subrogated claim be satisfied – from what resources? Why has the right

of subrogation of the guarantor (the Province) not been postponed until after all the rated obligations have been paid in full?

> ***Torys Response***: Prior to a Protection Event, payments owing to Specified Creditors are satisfied through collection of the Clean Energy Adjustment amounts. Upon the occurrence of a Protection Event and delivery of a Payment Demand, the Province will be required to make all payments under Approved Obligations (i.e. Specified Creditors will be looking to the Province to make payments when due, instead of relying on the collection of Clean Energy Adjustment amounts). However, notwithstanding the occurrence of a Protection Event triggering the Limited Guarantee, the Fair Hydro program may remain in place and Clean Energy Adjustments may continue to be billed and collected. In such a circumstance, while the Province will be required to make payments under all Approved Obligations as they come due, the Province (in place of Specified Creditors) would be entitled to receive any Clean Energy Adjustment amounts that are billed and collected i.e. the Clean Energy Adjustment amounts constitute the Subrogated Amounts.

(8) Section 4.02: Adherence Obligations: With respect to Funding Obligations under a certain amount that do not need to meet the Adherence Conditions, what would those Funding Obligations consist of? Are these limited amounts still treated as Primary Obligations pursuant to which the guarantee obligation applies?

> ***Torys Response***: All Funding Obligations (and all other finance amounts) constitute Primary Obligations pursuant to which the Change of Law Protection Agreement applies; however, there is a subset of Funding Obligations for which the Adherence Conditions must be satisfied.
>
> The Agreement will be revised to make clear that there are no Adherence Conditions applicable to Funding Obligations that are not "Certified Primary Obligations". "Certified Primary Obligations" will mean Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

(9) Section 4.03: Is 4.02(b)(x) a typo? There is no "x" in 4.02(b)?

> ***Torys Response***: This is a typo and will be corrected.

(10) Section 5.01 (a): As per the question above on section 2.01(a)(iv)(ii), please clarify how the Subrogation Amount is calculated (if not based on the actual amount paid by the Province in respect of amounts payable).

Torys Response: Please see response to question (7) above.

(11) Section 6.01: Why is it at the Province's election to provide the Indenture Trustee notice of the Province's election to assume the Financing Entity's Obligations Secured? Under what circumstances would the Province decide not to provide the Indenture Trustee notice of its election to assume? In any event, DBRS expects to receive prompt written notice of an election to assume and copy of any such Assumption Notice.

Torys Response: As described in response to question (7), upon the occurrence of a Protection Event and delivery of a Payment Demand, the Limited Guarantee is triggered and the Province is obligated to make all payments in respect of Approved Obligations. However, notwithstanding the Limited Guarantee taking effect, the Financing Entity will continue to exist and the entire program structure may stay in place (and Clean Energy Adjustment amounts may continue to be billed and collected). The assumption right of the Province has been included to provide the Province with the flexibility to wind-up the Financing Entity and dismantle the program by assuming all of the Obligations Secured. In either case, following the occurrence of a Protection Event, the Province will be obligated to make all payments in respect of Approved Obligations.

We will add a rating agency notice requirement and a covenant to deliver to the rating agencies a copy of the Assumption Notice as requested.

(12) Section 6.04: How long can the Interim Period be in effect during the implementation and completion of the assumption terms? Are the securityholders and Indenture Trustee stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the Interim Period? Are there any other restrictions on the SPV Financing Entity and/or the securityholders during the Interim Period?

Torys Response: The details of any assignment and assumption by the Province will be addressed in the supplemental indenture relating to a particular issuance of Funding Obligations. Securityholders and the Indenture Trustee will not be stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the interim period.

While there are no restrictions on the Financing Entity during the interim period, under a process agreement between OPG and the Province, after the occurrence of any Protection Event, OPG has agreed that it shall not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(13) Section 8.01: Under this section the Province may declare at any time for any reason that the guarantee shall not apply to any Obligation Secured incurred on after the date of such declaration (other than the refinancing of a previously incurred funding obligation) by delivering a "Suspension Notice" to the Indenture Trustee/OPG/SPV.

Please provide DBRS with prompt written notice of any such Suspension Notice.

Torys Response: We will make this change.

Please confirm how the Suspension Notice would apply with respect to refinancing, increases or issuances up the program limits under the Warehouse Supplement. For example if a suspension notice is issued does the suspension apply to any issuance of notes for the purposes of refinancing outstanding ABCP? Or does this type of refinancing fall within the carve-out from a suspension notice, "Refinancing of a Primary Obligation" noted in this section 8.01?" Further, will issuances after the Suspension Notice but up to the program limit or already permitted increases be subject to a Suspension Notice?

Torys Response: Any debt issued on a refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied prior to delivery of the Suspension Notice (which will include the debt issuable under the Warehouse Supplement) will continue to have the benefit of the Limited Guarantee following the delivery of the Suspension Notice. In other words, any debt issued on the refinancing of "protected debt" will continue to be "protected debt" following the Suspension Notice. Except for refinancing of protected debt, no other Primary Obligations incurred after the delivery of a Suspension Notice will have the benefit of the Limited Guarantee.

(16) Section 8.03: Please provide DBRS with prompt written notice of any such Termination Notice.

Torys Response: We will make this change.

(17) Section 9.03: Please provide DBRS with prompt written notice of any assignment.

Torys Response: We will make this change.

(18) Definitions: Approved Obligation Amount (subsection (b)): Where an acceleration has occurred, how will this calculation address circumstances under which the CEA is no longer able to be charged or collected? Where amounts that would be available to be paid is compromised in some way and acceleration has occurred, could the Approved Obligation Amount be nil?

Torys Response: Subsection (b) of the definition of an Approved Obligation Amount provides that this amount is to be determined on the assumption that the amount available for allocation to Specified Creditors is equal to the estimated finance amount determined in respect of such reference period divided by the number of months in the reference period. In other words, the amount payable under the Limited Guarantee following a Protection Event would be determined in the same way that the amount payable through CEA collections would have been determined prior to the Protection Event. The

Approved Obligation Amount is by definition a positive amount payable in respect of an Approved Obligation and could therefore not be a nil amount.

From:	Anna Strathy
To:	Ken Kandeepan; Malle Hanslep (MOF)
Cc:	Ronald Kwan; Gadi Mayman; Usman Zahid; Tobias P. Whitfield (MOF); Mike Manning
Subject:	FW: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Date:	Tuesday, November 21, 2017 9:36:22 AM
Importance:	High

Hi Ken, Malle,

CO is asking for a few bullets on the status of the provincial guarantee and any issues/concerns – for their internal briefing purposes only. **Request is for 10am.**

Could you please provide a few bullets on the status and issues?

Thanks, Anna

From: Tekle, Jonathan (MOF) [mailto:Jonathan.Tekle@ontario.ca]
Sent: Tuesday, November 21, 2017 9:29 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: David McLean (MOF) <David.McLean@ontario.ca>
Subject: FW: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Importance: High

Hi Anna,

Can you flag this for Gadi and legal? We need to pull together a few bullets for CO on status\issues.

See below. Please let me know if there are any issues.

Thanks,
Jonathan

From: Tekle, Jonathan (MOF)
Sent: November 21, 2017 9:27 AM
To: Johnson, Maureen (CAB)
Cc: McLean, David (MOF); Rankin, Christine (CAB)
Subject: RE: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP

Hi Maureen,

Welcome! I just need to circle back with OFA and Legal as there have been on-going conversations daily on this. Will send asap.

Looking forward to working with you as well. We'll have to find time for a coffee when you're all settled.

Cheers,
Jonathan

From: Johnson, Maureen (CAB)
Sent: November 21, 2017 9:18 AM
To: Tekle, Jonathan (MOF)
Cc: McLean, David (MOF); Rankin, Christine (CAB)
Subject: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Importance: High

Hi Jonathan,

I'm the new CO advisor for MOF (everything except cannabis). Looking forward to working with you.

Would it be possible to get a brief status update on the Provincial Guarantee Agreement related to Ontario's Fair Hydro Plan by 10 am? A few bullets on current status and any issues or concerns would be appreciated.

Thank you,
Maureen

From:	John Kim
To:	Ronald Kwan
Subject:	FW: protection agreement
Date:	Thursday, December 07, 2017 1:40:13 PM

Fyi

From: John Kim
Sent: Thursday, December 07, 2017 1:39 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: protection agreement

Hi Toby,

Would you know what Tim is referring to?

Thanks,

John

From: Christie, Tim (ENERGY) [mailto:Tim.Christie@ontario.ca]
Sent: Thursday, December 07, 2017 1:23 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: protection agreement

John, have you seen the proposed change to the protection agreement dealing with the swap settlement? Wondering what the OFA's comments are on this provision.

Tim

From: Ronald Kwan
To: John Kim
Subject: FYI
Date: Wednesday, September 20, 2017 11:34:59 AM
Attachments: Re Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TBMBC.msg
Re Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TBMBC.msg

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From: Ronald Kwan []
To: Anna Strathy [Anna.Strathy@ofina.on.ca]
CC: Gadi Mayman [Gadi.Mayman@ofina.on.ca]; Mike Manning [Mike.Manning@ofina.on.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]
Subject: Re: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date: Wednesday, September 20, 2017 11:09:00
Attachment 1: 4 RAN MOF ENERGY - Change of Law Protecition Agreement v4 (MOF & ENE comments)_Markup.doc

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Hi Anna,

Sorry for the timing, but here are some suggestions to an earlier version Ken sent on to me this morning.

Ron

From: Anna Strathy
Sent: September 20, 2017 11:00 AM
To: James Strang (MOF)
Cc: Veinot, Cindy (TBS); Hosick, Sarah (TBS); Ronald Kwan; Afshin Malekzadeh (MOHLTC); Chris Skubel (MGS); Indira Komal (MCSCS); Lenna Wichenko (MCSCS); Paul Kaufman (MOHLTC); Nick Smook (MOF); Anthony Reiss (MGS); Pratima Gounden (ENERGY); Ken Kandeepan; Gadi Mayman; Mike Manning
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi James,

Please find attached, consolidated comments and edits from the OFA, Energy, and MOF Legal, as well as responses to your questions, below.

Please don't hesitate to contact me should you have any questions.

Thanks, Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Tuesday, September 19, 2017 9:36 AM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi,

Attached is a draft TB/MBC note based on draft submission version 8 (also attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.

Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

•□□□□□□□ Draft sub takes about a Change of Law Protection Agreement and identifies three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify. The working title of the agreement is the Provincial Protection Agreement; however it is still subject to change.

o Regarding the third trigger, is this in or out? If in, is there any consideration being given to the Province to narrow the very broad scope? The third trigger is in and it's been narrowed to ensure only a change that adversely impacts the ability of the Financing Entity to collect payments would trigger the protection agreement.

•□□□□□□□ What are derivative agreements? Payments under derivative agreements? Derivatives agreements are financial contracts entered into by parties to hedge financial risk associated with borrowing for example. In this particular circumstances, the Financing Entity might enter into interest rate swap agreements to hedge the interest rate payable on its issued debt.

•□□□□□□□ Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market? The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period.

· Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does the requested minute cover off s28 FAA? The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the 2 Ministers seeking the OIC in the form attached. The Minister of Finance will also be requested to approve under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

Thanks in advance,

James Strang

416-327-2071

	TREASURY BOARD / MANAGEMENT BOARD OF CABINET REQUEST ASSESSMENT NOTE	
Ministry:	Energy & Finance	
Meeting Date:	September 26, 2017	
Agenda Class:	Discussion (In-Camera)	
Last reviewed by: ENERGY TB/MBC May 9, 2017	**Tracking to:** Fast Track Cabinet (September 27, 2017)	

Commented [KR(1]: Why is this included? Usually Cabinet or its committees are put here.

SUBMISSION TITLE:	~~Change of Law~~Provincial Protection and Assurances Agreement (Supports Ontario's Fair Hydro Plan implementation)

I. DECISION BEFORE THE BOARD

Approve the Ministries plan for implementing provisions within the ~~O~~*ntario Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by one or more financing entities established by Ontario Power Generation Inc. under the FHPA.

II. RECOMMENDATIONS

Approve the plan for implementing provisions of the ~~Ontario~~ *Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc (OPG). – Under certain circumstances, the Province would pay, when due, amounts in respect of the obligations of the Financing Entity (~~E~~established by OPG)	*Approve*
Authorize that the Minister of Finance and Minister of Energy ~~to~~ provide a protection and assurance agreement, to be authorized by Order in Council under the ~~Ontario~~ *Fair Hydro Plan Act, 2017*(FHPA). – In respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two Ministers acting together may determine	*Authorize*
Recommend that Cabinet approve an Order in Council (OIC), in accordance with section 5 of the ~~Ontario~~ *Fair Hydro Plan Act, 2017* (FHPA) that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province, – ~~to~~ To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and – ~~to~~ To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.	*Recommend*

Commented [ESP2]: This item is not up for approval per the TB Sub.

III. FINANCIAL SUMMARY

$ Millions	**2017-18**	**2018-19**	**2019-20**
Initiative cost requested	0.0	0.0	0.0

Initiative cost recommended	0.0	0.0	0.0
Recommended program base	0.0	0.0	0.0
Offset Recommended	0.0	0.0	0.0
Total Fiscal Impact	0.0	0.0	0.0

IV. KEY COMMENTS AND CONSIDERATIONS

Under the ~~Ontario~~ *Fair Hydro Plan Act, 2017*, (~~O~~FHPA), which enables Global Adjustments (GA) Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap during the deferral period, resulting from the reduction in GA amounts collected. The legislation enables IESO to record the under-collection amount of GA in a variance account, ultimately recover this amount in the future, and ~~deems~~provides for the establishment of this under-collected amount to be a "Regulatory Asset".

The OFHPA provides for ~~the~~ IESO to sell all or a portion of the Regulatory Asset (i.e., to sell the right to recover those deferred amounts from specified consumers in the future). Under the ~~O~~FHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG, as the Financial Services Manager under the ~~O~~FHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly the Province) from the capital markets.

OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a ~~change of law~~ protection and assurance agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

- Providing this~~, in a May 2017 TB/MBC item reviewing proposed FHPAOntario Fair Hydro Plan legislation,~~ through Provinciale assurance and guarantee provisions~~,~~ was recommended in a May 2017 TB/MBC item reviewing the proposed FHPA.

What would trigger the protection agreement?

Ontario Financing Authority (OFA), the Ministry of Finance, Ministry of Energy and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances (Appendix C provides the non-binding term sheet):

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the ~~O~~FHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or ~~*unenforceable*~~*ultra vires*; and
- A change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investment interest so that it can pay its funding obligations~~Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt~~

Commented [KR(3]: Why isn't Energy listed?

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Commented [KR(4]: Should it state somewhere that materiality thresholds/definitions are to be established wrt "adversely"?

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~~obligations~~.

~~*Note: this third protection event is not included in the current draft of the term sheet agreed to by Ministry of Finance staff; however, OPG is expected to continue to negotiate for its inclusion. It has been included in the TB submission, but may be removed once negotiations are complete, prior to TB/MBC consideration of this item on September 26, 2017.]*~~

….the third bullet isn't change of Law related?…

Commented [AS5]: May or may not be the result of a change of law.

Financial:

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of Ontario's Fair Hydro Plan (OFHP) ~~the OFHP~~ and peak at approximately $20B ~~an estimated $24B to $26B~~ of debt (final cost forecasts TBC), including principal and accumulated interest.

Commented [HS(6]: This is inconsistent with the Aug 31 Submission

Thought the estimated debt # was lower?

- In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

Financial (Risk) – In the event the protection agreement is triggered:

The Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers. This would likely have implications for the Province's fiscal plan and appropriation requirements.

- The Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. The worst case scenario would be the Province assuming the debt at its peak at which point interest on debt (IOD) expense could increase by an estimated between $0.7~~8~~B and $1.~~3~~0B per annum ~~(final cost forecasts TBC)~~, depending on the interest rate at which the Financing Entity will be able to borrow at and the total amount of borrowing (final cost forecasts TBC).
- In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged. In addition, the Province would ~~also~~ have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The Ministries indicate that if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (~~Interest On Debt (~~IOD~~)~~ expense) will depend on whether or not some portions of the OFHPA continue in some form, or not.

- For example if the ~~If the~~ payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not

to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used.
- Debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

Name of analyst:	James Strang	**Phone number:**	416-325-2071
Date:	September 18, 2017	**Log number:**	
Branch / Division:	GGPR / PEMD / Treasury Board Secretariat		

APPENDIX A: PROPOSED MINUTE (UNDER DEVELOPMENT)

Approve the Ministries' plan for implementing provisions of the ~~*Ontario*~~ *Fair Hydro Plan Act, 2017* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc. In particular, that under certain circumstances the Province would pay when due amounts in respect of the obligations of the Financing Entity (Established by OPG).

In this regard,

i) Authorize that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the ~~*Ontario*~~ *Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out non-binding term sheet – Provincial Protection and Assurances Indicative Term Sheet including in the TB/MBC Submission, (… minuting an attachment?…or include key parameters in minute only, given request for the subject to revisions provision…) and subject to such revisions that the two ministers acting together may determine;

ii) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the FHPA~~Ontario Fair Hydro Act~~, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   a) ~~to~~ To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
   b) ~~to~~ To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

Commented [AS7]: Recommend referring to the attachment rather than key parameters (limit potential revisions to the term sheet)

APPENDIX B: FINANCIAL TABLES

FINANCIAL IMPACTS: CHANGES TO EXPENSE AND REVENUE					TABLE B1
		Fiscal Plan Basis			*Appropriations Basis*
$ Millions		**2017-18**	**2018-19**	**2019-20**	**2017-18**
Initiative cost recommended					
Expense changes:					
	Oper				
Expense Offset:					
	Oper				
	Oper				
Total Fiscal Impact		0.0000	0.0000	0.0000	**0.0000**

APPENDIX C: EXCERPT FROM ~~ONTARIO~~ *FAIR HYDRO PLAN ACT, 2017*

Protection and assurances

Prohibition

5 (1) No action or omission by the Board, the Minister or the Crown shall be effective to reduce, impair, postpone or terminate the obligations of specified consumers to pay amounts in respect of the clean energy adjustment or to impair or postpone the invoicing, collection or remittance of the clean energy adjustment.

Agreements

(2) The Minister and the Minister of Finance may together, with the approval of the Lieutenant Governor in Council, enter into agreements on behalf of the Province of Ontario with any person in respect of this Act, including agreements regarding the performance of the IESO or electricity vendors under this Act or related transactions.

Guarantee, indemnification

(3) The Lieutenant Governor in Council may by order,

(a) authorize the Minister and the Minister of Finance, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity;

(b) specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance; and

(c) specify a maximum liability for the guarantee or indemnity.

APPENDIX D: NON-BINDING TERM SHEET

Commented [AS8]: Update to Sep 18 version

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the General Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council

	makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*), in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act or the Regulation is *ultra vires* in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent.

Optional Replacement:	At any time following the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable, the Obligor shall be entitled (but not obligated) to replace the Financing Entity as obligor and debtor and directly assume all of the Financing Entity's outstanding obligations and liabilities. The Financing Entity (including through the Financial Services Manager) will ensure that any obligation and liabilities undertaken or assumed by it will by their terms permit such a replacement and assumption (or, if applicable, satisfaction and termination) by the Obligor without additional cost or penalty and without any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The Change of Law Protection Agreement will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Protection Agreement applies to such Specified Claim. The Change of Law Protection Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Protection Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims. The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.

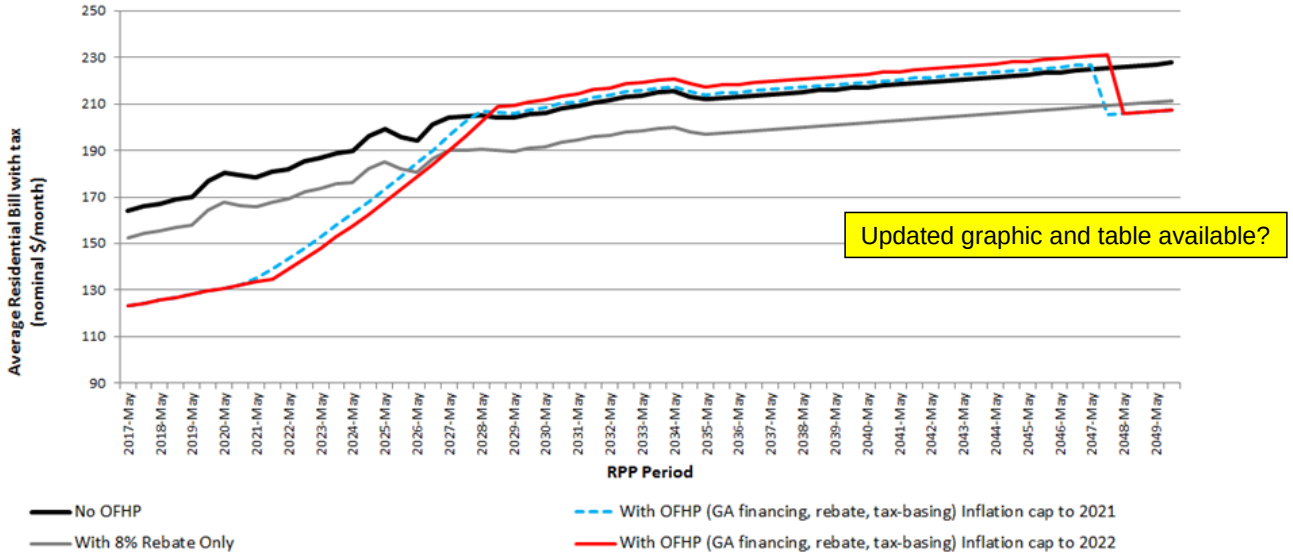
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

APPENDIX E: PROFILE GLOBAL ADJUSTMENT SMOOTHING FOR RPP – ELIGIBLE ONLY – MAY 2017 TB/MBC SUBMISSION

Commented [HS(9]: Recommend that we don't include this reference.

The following graphic and table shows the multi-year profile of the planned approach to GA Smoothing that was included with the May 2017 TB/MBC Submission. The table below supports the Ministries assessment that the potential contingent liability under the protection agreement over the duration of the OFHP would peak at an estimated $24M to $26B (subject to final cost forecasts TBC), including principal and interest.

Commented [ESP10]: These numbers and the table below are pending finalization of costs forecasts – this work is still ongoing with OPG.



Updated graphic and table available?

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Average monthly bill with OFHP ($/month)	124	126	129	131	137	146	155	165	176	187	199	207	207	209	212	214	216	216	214	215	216	217	219	220	221	222	223	224	225	226	216	206
Year-over-year change (%)	n/a	2.01	2.01	2.01	4.25	6.44	6.44	6.44	6.44	6.44	6.44	3.61	0.08	1.20	1.29	1.14	0.93	-0.04	-0.88	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	-4.37	-4.61
Impact of GA financing and tax-basing ($/month)	-29.9	-30.0	-35.0	-34.4	-28.8	-24.0	-17.8	-14.2	-3.3	3.4	12.2	16.4	16.5	16.7	16.9	17.1	17.2	17.1	17.0	17.1	17.2	17.3	17.4	17.5	17.6	17.6	17.7	17.8	17.9	18.0	-3.9	-4.0
Total accumulated debt ($B)	2.5	5.2	8.2	11.6	14.7	17.5	19.9	22.0	23.5	24.1	24.2	23.7	23.1	22.5	21.8	21.0	20.1	19.2	18.3	17.2	16.1	14.9	13.7	12.3	10.9	9.3	7.7	5.9	4.1	2.1	0.0	0.0
Total change in accumulated debt ($B)	2.5	2.6	3.0	3.5	3.1	2.8	2.4	2.0	1.6	0.6	0.1	-0.5	-0.6	-0.6	-0.7	-0.8	-0.8	-0.9	-1.0	-1.0	-1.1	-1.2	-1.3	-1.4	-1.4	-1.5	-1.6	-1.7	-1.9	-2.0	-2.1	0.0

Notes: Assumes 30 year financing period and a nominal interest rate of 5% (compounded monthly). Ratepayer GA payments increase annually beyond 2020 such that the average monthly residential electricity bill increases by 6.3% per year to a maximum of $2.2 billion above the true cost of GA in any given year to cap repayment charges at around 10% of total bill. IESO forecast is based on IESO's revised OPO forecast as of February 2017. Includes the cancellation of LRP II and EFW, expansion of ICI. Does not include smoothed OPG rates. Above residential bill is based on a 750 kWh per month Toronto Hydro customer. Data shown above is by RPP period. Assumes RPP prices are adjusted in July 2021 instead of May 2021 to coincide with the end of the inflation cap. Fair allocation amounts subject to third party review.

APPENDIX F: OVERVIEW OF RISKS

Prepared by TBS staff, the following chart, as part of the May 2017 OFHP implementation update focused on the proposed legislation. It provides an overview of strategic (versus operational) risks to inform the approval/decision making process regarding the proposed legislation. Each part, GA Partial Refinancing & Electricity social programs, is a separate table.

The current submission, ~~Change of Law~~ Provincial Protection Agreement, is reflected under the risk "Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding" (page 16) as part of risk mitigating strategy.

Global Adjustment Partial Refinancing:

Objective: Provide immediate ratepayer relief by capping rate increases at Consumer Price Index (CPI) for four years and refinancing GA costs over a longer period of time. Develop and implement a financing structure that increases provincial borrowing, but has no impact on annual provincial surplus/deficit.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA smoothing being allocated to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there could be a negative impact on the province's fiscal plan up to $2.5B in 2017-18 and rising. • Rating agencies and investors in the Province's debt may view all of the borrowing as an obligation of the Province, especially taking into account the nature of provincial guarantees, which could put pressure on the Province's credit rating and overall borrowing capacity. • Proposed structure may result in a negative response from Ontario Auditor General (OAG) due to previous concerns regarding recognition of rate regulated assets and liabilities. The AG has already expressed concerns regarding the accounting treatment on the IESO's books which could lead to a qualification of the Province's consolidated financial statements. • Initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to justify structure of financial model and be utilized in discussions with the OAG. • Identify potential options to minimize the balance of rate regulated assets remaining on the IESO's books at fiscal year-end.

Risk	Level of Risk	Risk Response
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.
A legal determination that the Province is spreading the costs of GA financing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Medium **Risk Impact:** High **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and close monitoring of costs and changes in variables built into model. • Analyze the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Financing the costs of GA smoothing through OPG SPV/Trust and the volatility of interest rates may increase the cost of GA smoothing and/or require additional provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Moderate **Time Scale:** 12 to 24 months **Rationale** • The proposed structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on interest rate for borrowing, the amount of equity/funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the government to offset a part of the scheduled increases. • Risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's ratings and cost of borrowing.	Risk can be avoided by: • Province providing a potential guarantee for the cost of borrowing – however, would redirect risk back to the Province and negate benefits of proposed financing structure. Risk can be mitigated by: • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost. • Proposed legislation to enable GA refinancing has been draft with input from third-party financers. Provides a 'narrow' provincial guarantee and ensuring that debt holders have the right of action against a future government to recover the amount outstanding including interest, fees, expenses and any damages.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA Refinancing having a fiscal impact to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there would be a negative impact on the province's fiscal plan of up to $2.5B in 2017-18 and rising. • Rating agencies and investors in Province's debt may view all of the borrowing as an obligation of the Province, which could put pressure on the Province's credit rating and overall borrowing capacity. • The proposed structure may result in an opinion from the Ontario Auditor General (OAG) considering previous concerns regarding recognition of rate regulated assets and liabilities. The OAG may take this into account when the provincial books are audited. • An initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards. Additional analysis is still required.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to support discussions of the financial model with the OAG.
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.

Risk	Level of Risk	Risk Response
A legal determination that the Province is spreading the costs of GA refinancing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and ongoing monitoring of costs and changes in variables built into model. • Analysis of the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** 12 to 24 months **Rationale** • The proposed borrowing structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on the interest rate for borrowing, the amount of equity / funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • There is a risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's own ratings and cost of borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B (in the March 1, 2017 Cabinet Submission) is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the province to offset a part of the scheduled increases. • Fiscal impacts will be subject to fluctuations in Ontario electricity demand, GA and interests rates in the medium-to long term. As well as if a protection agreement is called upon: o OPG, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.	Risk can be mitigated by: • Providing a "provincial guarantee" for the cost of borrowing. • Drafting legislation to provide assurance to OPG and investors regarding the permanence of the GA refinancing framework and the authority of the legislation to pass the legislation; and enable the Province to guarantee borrowing of the trust in the event of a market disruption. • Specifics of a guarantee are dependent on the negotiation of agreements not yet initiated. Limiting triggers of a protection agreement to legislative (regulatory) changes and/or judicial decisions etc. • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost.

Electricity social programs (Enhancing Electricity Support & Conservation Programs):

Objective: Shift funding of existing and new electricity support programs (RRRP, OESP, Affordability Fund, First Nations Credit) from rate to tax base.

Risk	Level of Risk	Risk Response
Uncertainty in forecasting due to exposure to changes and/or volatility (i.e. interest rates, electricity usage patterns, and distribution costs) may result in higher than anticipated fiscal impacts for the Province.	**Risk Likelihood:** Possible **Risk Impact:** Major **Timescale:** 12 to 24 months **Rationale:** • The energy sector is complex and a number of key assumptions used as inputs into forecasting model are variables/forecasts themselves, resulting in a high inherent risk that cost estimates are inaccurate. • Fiscal projection is highly dependent on factors which can fluctuate from year to year, including: o electricity usage; o distributions costs; and o consumer consumption patterns that may change due to extreme weather or other factors. • Fiscal projection is subject to knowledge of future distribution costs and dependent on submission of cost of service applications by Hydro One and LDCs. o Enhanced RRRP may create disincentives from the eligible LDCs towards productivity and performance improvements and/or cause ineligible LDC's to drive up distribution costs to gain access to program.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the forecasting models.

From: Ronald Kwan []
To: Anna Strathy [Anna.Strathy@ofina.on.ca]; Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]
Subject: Re: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date: Wednesday, September 20, 2017 11:10:57

And apologies, as I just saw this one, so, adjust the interest amount in the markup accordingly.

Ron

From: Ken Kandeepan
Sent: September 20, 2017 10:49 AM
To: John Kim; Ronald Kwan
Cc: John Psinas; Anna Strathy
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Thanks John we will proceed accordingly on that basis.

Ken k

From: John Kim
Sent: Wednesday, September 20, 2017 10:49 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Ken,

Not sure if Ron is available but I am fine with the direction you're suggesting at my level.

Thanks,

John

From: Ken Kandeepan
Sent: Wednesday, September 20, 2017 10:42 AM
To: John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi

As a an addendum to my previous email, Gadi suggests that we limit the range from 4.2% to 5.0% and ignore the 3.5% which appears to be too low based on current rates. As such the range in the TB submission will be $0.8B to $1.0B.

Pls let me know if that works from your perspective.

Thanks

Ken k

From: Ken Kandeepan
Sent: Wednesday, September 20, 2017 10:21 AM
To: John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>

Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Ron and John

The previous IOD impact estimate that was also shared with the OAG assumed interest rates of 5.0, 4.2 and 3.5. At this point in time I don't believe there's much value added in a detailed assessment, rather a simple application of the max and the minimum to the peak debt of $20B should suffice. This translates into an IOD range of $0.7B to $1.0B (the reference is to be found on page 3 of the attached).

Thanks and pls let me know if this makes sense.

Ken k

From: Anna Strathy
Sent: Wednesday, September 20, 2017 10:11 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Ken,

Attached is the consolidated comments on the TBS analyst's note. At this morning's meeting with Energy, MOF, and TBS, Steen confirmed that latest estimate for peak debt is $20B (not $24 to $26B as previously estimated). I expect this will impact our IOD estimate – would you be able to provide a revised estimate for IOD? It will need to be included in an updated submission for the Minister tomorrow.

Anna

From: Anna Strathy
Sent: Wednesday, September 20, 2017 6:49 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Gadi,

Attached for your review, is the TBS Assessment note, with comments and track changes from Energy (Steen's group), MOF Legal (Malle) and OFA (Ken and myself). We've also responded to a few of the analyst's questions below in red.

The only comment from Energy that will require follow-up is Steen's cost estimates (he recalls peak debt for the program at $20B whereas we have used the $24B to $26B estimate). I'll follow up with Energy and OFA staff on this.

Thanks, Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Tuesday, September 19, 2017 9:36 AM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi,

Attached is a draft TB/MBC note based on draft submission version 8 (also attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.

Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

•□□□□□□□□ Draft sub takes about a Change of Law Protection Agreement and identifies three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify. The working title of the agreement is the Provincial Protection Agreement; however it is still subject to change.

o Regarding the third trigger, is this in or out? If in, is there any consideration being given to the Province to narrow the very broad scope? The third trigger is in and it's been narrowed to ensure only a change that adversely impacts the ability of the Financing Entity to collect payments would trigger the protection agreement.

•□□□□□□□□ What are derivative agreements? Payments under derivative agreements? Derivatives agreements are financial contracts entered into by parties to hedge financial risk associated with borrowing for example. In this particular circumstances, the Financing Entity might enter into interest rate swap agreements to hedge the interest rate payable on its issued debt.

•□□□□□□□□ Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market? The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development

but may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period.

· Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does the requested minute cover off s28 FAA? The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the 2 Ministers seeking the OIC in the form attached. The Minister of Finance will also be requested to approve under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

Thanks in advance,

James Strang

416-327-2071

From:	Anna Strathy
To:	Mike Manning; "HAHN PARKER Janet -TREASURY"; "LEE John -TREASURY"; RYFA Ken -TREASURY; Ken Kandeepan; WONG Leslie -LAWDIV; John Kim; Ronald Kwan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); "Ramchandani, Rima"; "STEPHEN.ASHBOURNE@blakes.com"; Mark Donaldson (MOF); Hosick, Sarah (TBS); Scott Nelms (ENERGY); Keley Katona (ENERGY); Cengarle, John (MOF); Gadi Mayman; John Psinas
Subject:	Final Term Sheet - Provincial Protection Agreement
Date:	Monday, September 18, 2017 9:46:22 PM
Attachments:	Term Sheet - Provincial Protection Agreement - Sept 18 - Clean.docx Term Sheet - Provincial Protection Agreement - Sept 18 - Blackline.pdf

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Good evening,

Please find attached, the final term sheet for the Provincial Protection Agreement (clean and black-lined). You'll see the attached reflects today's decision to square bracket the word "materially". This version also incorporates minor edits from Tory's sent by Rima on Thursday evening (the addition of "or amends" and the word "electricity").

Thank you,

Anna

Anna Strathy

Special Policy Advisor to CEO

Ontario Financing Authority

1 Dundas Street West, 14th Floor

416.325.8032 | anna.strathy@ofina.on.ca

-----Original Appointment-----
From: Anis Hirani
Sent: Friday, September 15, 2017 3:03 PM
To: Anis Hirani; Mike Manning; 'HAHN PARKER Janet -TREASURY'; 'LEE John -TREASURY'; RYFA Ken -TREASURY; Ken Kandeepan; Anna Strathy; WONG Leslie -LAWDIV; John Kim; Ronald Kwan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Cc: Martine Bell; Angie Georgakakos; Rasika Yatawara; Eden Amare
Subject: Provincial Support Agreement - OPG
When: Monday, September 18, 2017 3:00 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Boardroom Exec - 1 Dundas Street West, Suite 1400

Confidential
<u>Updated Version</u>: September 18, 2017

<u>Provincial Protections and Assurances</u>

<u>Indicative Term Sheet</u>

<u>Ontario Fair Hydro Plan Act, 2017</u>

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends the Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council

	makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*); (5) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that [materially][1] and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][2] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that [materially][3] and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity.

[1] Under consideration to assess the marketability implications of materiality threshold.

[2] Under consideration to assess the marketability implications of this phrase.

[3] See footnote 1, above.

Optional Assumption:	At any time following the occurrence of a Protection Event, the Obligor shall be entitled (but not obligated) to assume the Financing Entity's obligations in respect of Specified Claims as obligor and debtor. The Financing Entity (including through the Financial Services Manager) will ensure that Specified Claims permit such an assumption by the Obligor without any penalty or make-whole payment (or, in the case of any contract for the provision of on-going services to the Financing Entity, the satisfaction and termination of the Specified Claims without any acceleration of future fees, profits or other like amounts), or any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

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Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
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	makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*); (5) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that [materially][1] and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][2] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that [materially][3] and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
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Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

From:	Anna Strathy
To:	Gadi Mayman; Ronald Kwan; Ken Kandeepan; John Kim; Mike Manning; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); "STEPHEN.ASHBOURNE@blakes.com"
Subject:	Follow-up call | OFA, MOF Legal, Stephen Ashbourne

To discuss inclusion/exclusion of “final and non-appealable” in Provincial Protection term sheet

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to moderate

From: Gadi Mayman
To: Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Cc: Anna Strathy; Mike Manning; Ken Kandeepan; Ronald Kwan
Subject: For our discussion
Date: Thursday, November 09, 2017 4:32:32 PM

Process Agreement

- 2.01 Deliveries to the Province
  - No concerns with removing PILS/tax language
- 2.02 Covenants
  - First use of *commercially reasonable efforts* and then throughout
  - Need legal opinion on whether to change to *best efforts*
- 2.02 (b) (iv) Province to review any description of the protection agreement
  - No concerns with this deletion
  - OPG likely to use boilerplate description of the guarantee
- 2.02 (c) Indemnity
  - No concerns, likely a requirement for OPG Board
- 4.01 Protection Agreement Maximum
  - CRITICAL – we can be flexible on the wording but we can't agree to removing Provincial approval of a maximum – compromise option would be to use the Financing Plan number as the Protection Agreement Maximum, the plan will be reviewed by MOE and the assumptions rigorously vetted.
  - Subject to OPCD review/input
- 5.02 Reps and Warranties of the Province
  - No concerns

Protection Agreement

- Need to review the Indemnity Agreement
- 1.17 References to the Financing Entity
  - No concerns with removing Trustee
- 2.09c Modifications of Approved Obligations
  - Why not seek consent of the Province when changing its obligations?
- Article V
  - Edit title to ***Provincial*** *Matters*
- 5.01 Assignment and Subrogation
  - Why remove the subrogation after the Province has taken on the obligations?
- 7.04 Release of All Collateral
  - What is meant by collateral? Would it include sinking funds? If it does, the Province should get the sinking funds, not leave them with OPG
- 9.07 Force Majeure
  - Why remove the Force Majeure clause?

From: Ronald Kwan
To: John Kim
Subject: Fw: April 2018 Investment Interest Transfer and Related Drawdowns - Delivery of COLPA OPG Process Certificate
Date: Monday, April 16, 2018 2:39:13 PM
Attachments: FHP. PROCESS CERTIF 3.01 COLPA signed.pdf

Hi John,

Any comments?

Ron

From: HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com> on behalf of LEE John -TREASURY <john.s.lee@opg.com>
Sent: April 16, 2018 2:33 PM
To: Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); Ronald Kwan; Ken Kandeepan
Cc: GRECO Clara -LAWDIV; Ramchandani, Rima; LEE John -TREASURY
Subject: FHP: April 2018 Investment Interest Transfer and Related Drawdowns - Delivery of COLPA OPG Process Certificate

Attached is the Process Certificate of the CFO and Treasurer of Ontario Power Generation Inc., in its capacity as Financial Services Manager, pursuant to section 3.01 of the **Change of Law Process Agreement** made December 21, 2017 between OPG and the Province. This was faxed to the Minister and Deputy Minister of Energy and the Minister and Deputy Minister of Finance today.

Thank you,

John Lee
Vice President, Treasurer
Ontario Power Generation Inc.
416 592-6392
John.s.lee@opg.com

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED

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

ONTARIO POWER GENERATION INC.,
in its capacity as FSM

PROCESS CERTIFICATE

Certificate of the CFO and Treasurer pursuant to section 3.01 of the Change of Law Process Agreement

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

RE: Floating Rate Variable Funding Senior Notes, Series 2017-1 (the "**Series 2017-1 Senior Notes**") in the maximum aggregate principal amount of C$800,000,000, of which $75,990,000 will be drawn on April 20, 2018, resulting in a total drawn amount of $411,880,000

AND RE: Floating Rate Variable Funding Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Subordinated Notes**") in the maximum aggregate principal amount of C$611,764,706 principal amount, of which $58,110,000 will be drawn on April 20, 2018, resulting in a total drawn amount of $314,967,000

AND RE: Floating Rate Variable Funding Junior Subordinated Notes, Series 2017-1 (the "**Series 2017-1 Junior Subordinated Notes**") in the maximum available aggregate principal amount of C$156,862,745, of which $14,900,000 will be drawn on April 20, 2018, resulting in a total drawn amount of $80,760,000 (the Series 2017-1 Junior Subordinated Notes together with the Series 2017-1 Senior Notes and the Series 2017-1 Subordinated Notes, the "**Funding Obligations**")

AND RE: Process Certificate of Ontario Power Generation Inc. in its capacity as FSM delivered pursuant to clause 3.01 of the Change of Law Process Agreement (as defined below) on December 21, 2017 (the "**Original Process Certificate**").

Reference is made to the Change of Law Process Agreement dated December 21, 2017 among the Province of Ontario and Ontario Power Generation Inc. (the "**Change of Law Process Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Process Agreement.

Each of the undersigned, being the Chief Financial Officer and Treasurer of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and in accordance with clause 3.01 of the Change of Law Process Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Process Agreement and all other documents and materials necessary to enable me to deliver this certificate.

2. The material terms of the Funding Obligations, excluding the drawn principal amounts outstanding and identified on the preceding page, remain unchanged and are as described in Schedules A, B and C of the Original Process Certificate.

3. The Funding Obligations:

   (a) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto;

   (b) in my opinion, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the Financing Plan;

   (c) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and

   (d) reflect, in all material respects, arm's length terms and conditions.

4. No Disclosure Document was used in connection with the offering and sale of the Funding Obligations.

5. Any disclosure made in respect of any of the Funding Obligations (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to any of the Funding Obligations) that refers to or describes the terms, effect or adherence of or to the Change of Law Process Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made.

6. No Breach Event has occurred on or prior to the date hereof, unless such Breach Event has been waived by the Province in writing.

7. At the time the Funding Obligations are incurred, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligations, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not exceed the Protection Agreement Maximum applicable on the date hereof.

[Signature page follows]

DATED April 16, 2018.

Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

Name: John Lee
Title: Vice President - Treasurer

From: Hanslep, Malle (MOF)
To: Gadi Mayman; Ken Kandeepan; Mike Manning; Ronald Kwan
Cc: Tobias P. Whitfield (MOF); Michael Waterston (MOF); Anna Strathy
Subject: Fw: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date: Tuesday, November 21, 2017 8:00:20 AM
Attachments: Blackline_ProtectionAgreement.pdf
Blackline_ProcessAgreement.pdf
CLPA - Protection Agreement (COMMENTS).docx
CLPA - Process Agreement (COMMENTS).docx

I think that it would be useful to discuss next steps here given Torys email below. According to Torys some of this reflects discussions they had with dealers counsel on the weekend and contacted me to have call to give more context. However I would like to discuss this with you as this seems to be quite a significant change to what we were discussing on Monday and our most recent draft. If we have a call maybe it should be the whole group and include Blakes.

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Mansoori, Nina <nmansoori@torys.com>
Sent: Monday, November 20, 2017 14:06
To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY)
Cc: 'dup-john.s.lee@opg.com'; 'leslie.wong@opg.com'; 'sheen.liu@opg.com'; 'tyler.mcauley@opg.com'; 'clara.greco@opg.com'; 'matthew.go@opg.com'; 'anthea.yao@opg.com'; 'jenny.jorda@opg.com'; 'stuart.preston@opg.com'; 'john.drewniak@opg.com'; 'j.hahnparker@opg.com'; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Hunter, Rosalind; 'Alvi, Shariq'; Innes, Michael; 'Stoddart, Jesse - Debt Capital Markets'; 'Rix, Lindsey - Legal'; 'Hume, Tyler'; 'Daou, Hadi'; 'Persad, Nicole'; Olusoga, Yinka; Saulnier, Brett; 'mfitzpatrick@hunton.com'; 'aobrian@hunton.com'; Watson, Gwen; Johnson, Richard; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; 'Adalja, Sunil'; 'Persaud, Donnie - Debt Capital Markets'; Sebastiano, Rocco; 'Maciel, Andrew'; 'Benaiah, Ian'; 'Khan, Nur'; "Niehaus, Katrina' (Katrina.Niehaus@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'; 'Conner, Robbin'; 'Milligan, Peter'; Sebastiano, Rocco; Fullerton, Rick; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett; Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

All – please find attached consolidated comments on the Process Agreement and the Protection Agreement blacklined to the drafts circulated by Blakes on Friday. We understand that the current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Accordingly, the dealers and OPG would like to discuss with the Province the possibility of moving the adherence conditions to the Process Agreement while preserving the Province's oversight of its obligations under the Protection Agreement. We will provide a proposal on that basis to discuss with the Province. Please note that the attached remains subject to the comments of the working group and the rating agencies.

Best Regards,
Nina
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYquIJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=X8T2DnzBItroRpsaXbD8pkvfKf8k4_82i2rPcIxKOV4&s=28aWXHCGqwYZssB7LFRZRog5b0R5UCtQokdc5KHNWZ0&e=>
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYquIJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=X8T2DnzBItroRpsaXbD8pkvfKf8k4_82i2rPcIxKOV4&s=28aWXHCGqwYZssB7LFRZRog5b0R5UCtQokdc5KHNWZ0&e=>

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[1]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Torys and Blakes to discuss signatory on behalf of the Trust. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would propose to do the same on the change of law agreement.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1][2], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2][3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

[1][2] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2][3] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

~~OPG and the Province will concurrently enter into the Process Agreement, under which OPG will agree to perform certain activities and to provide certain assurances in relation to this Agreement, on which the Province will rely.~~

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[34].

[34] With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is one circumstance that demonstrates why the Province needs the right to know about and consider all underlying amendments.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the **Province, the** Indenture Trustee, the Financing Entity, the Financing Entity Trustee**, the Manager** or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. **[The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.]** **[NTD: this is unusual. Why is it necessary in this Agreement?]**

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days

comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than [3] Business Days prior to each ~~Payment Date~~**day when any payment or payments are to be made in respect of one or more Approved Obligations** occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date **(a "Guarantee Payment Date")**[5], if any, the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such **Guarantee** Payment Date, together with a detailed description identifying such Approved Obligations~~,~~ **and** the nature and amount of payments due and payable thereunder on the **Guarantee** Payment Date~~, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder~~.

ii. On each such **Guarantee** Payment Date, the Province shall pay the Aggregate Approved Obligations Amount ~~[~~to the Indenture Trustee and the Indenture Trustee~~]~~[4] shall deposit such amount to the Protection Account.

[5] **PM: Interest Payment Dates and Principal Payment Dates are set in the supplements. While the present intention is to set them on Payment Dates, there is no guarantee that will always be the case.**

[4] ~~Confirm payment mechanics. Consider direct deposit. Confirm that no set-off if pay through indenture trustee.~~

iii. On each such **Guarantee** Payment Date, ~~[the Financing Entity shall cause] the Paying Agent~~[5] ~~[to]~~**the Indenture Trustee** shall apply all amounts on deposit in the Protection Account to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the **Guarantee** Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such **Guarantee** Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the **Guarantee** Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the ~~applicable~~ payment provisions of the Trust Indenture applicable to the making of such payments on the **Guarantee** Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any **Guarantee** Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture ~~and subject to Section 2.04(b)~~, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such **Guarantee** Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such **Guarantee** Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the **Guarantee** Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the **Guarantee** Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to

[5] ~~To be effective, will need to add the Paying Agent as a party to this agreement.~~

[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.

the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any **Guarantee** Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount ~~on~~ remaining **on** deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the **Guarantee** Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the **Guarantee** Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the ~~payment amounts~~**Approved Obligation Amounts**, if any, and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[7] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8] shall apply all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the

[7] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

Approved Obligation to the extent so paid[10]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by

[10] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Inden ture Trustee under this Agreement.

settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with ~~Section 6.03 or~~ Section **6.03 or Section** 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

[11] The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequat e notices of these event under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied [at the time the Primary Obligation was incurred][12].

4.02 Adherence Conditions[12]

[There shall be no Adherence Conditions applicable in relation to**: (i)** a Primary Obligation that is not a Funding Obligation **or (ii) a Primary Obligation that (x) arises under a Derivative Agreement, or (x) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity**.][13] The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation **that does provide for the advance of more than $■ to the Financing Entity**:

(a) the Primary Obligation ~~is contemplated~~**when incurred will be an Obligation Secured** under the Trust Indenture ~~as an Obligation Secured~~; and

(b) ~~the FSM~~**either (x) OPG** delivers ~~a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and~~**an officer's certificate** addressed to the Indenture Trustee, prior to the ~~earlier of (i) one Business Day prior to the incurrence [or any amendment][14] of the Primary Obligation, and (ii) [one Business Day after] [on] the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities)~~**entering into of the related Funding Obligation Agreement**, confirming that OPG has ~~delivered to the Province a Process Certificate in~~

[12] ~~Still under consideration. Tied to the discussion around authorized "amendments".~~

[12] The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[13] ~~Under consideration by the Province. Province is comfortable that immaterial (<1M) obligations need not be subject to these adherence provisions.~~

[14] ~~Still under consideration. Tied to the discussion around authorized "amendments".~~

accordance with Section [3.01] of the Process Agreement**complied with its obligations to the Province in connection with the Primary Obligation, or (y) OPG has in fact complied with its obligations to the Province in connection with the Primary Obligation**; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

For greater certainty, satisfaction of the Adherence Conditions for any Funding Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under, or in respect of, the Funding Obligation and the related Funding Obligation Agreement as such agreement may be amended, restated, supplemented> *or otherwise modified from time to time*<.[13]

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02**(b)(x)** in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without

[13] **This language was added to track Section 2(2) of the regs and ensure that there is no obligation to satisfy the Adherence Conditions every time interest is incurred in respect of a Funding Obligation for which the Adherence Conditions have already been satisfied.**

any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[14]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.[15]

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to

[14] Section to be updated to conform with section in the Trust Indenture once settled.

[15] To be confirmed this covenant is only meant to apply following a Payment Demand? Note that once the Province exercises this right, ,the desired accounting treatment will be lost.

reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[15]16

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[16]17

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the

[15]16 Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.
[16]17 Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their

correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity ~~in any of the following circumstances:(a)~~ following the Province becoming aware of the occurrence of a Program Breach~~; and~~.

~~(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.~~

[NTD: the concept of Breach Event has been removed from Protection Agreement and replaced by provisions in the Process Agreement providing that upon notice of a Breach Event to OPG in the Process Agreement, OPG will not be permitted to deliver the certificate required to satisfy the Adherence Conditions. This was done to cleanse the Protection Agreement of any references to the Process Agreement but leave the Province in the same position of being able to (indirectly) suspend application of the change of law agreement to future issuances upon a Breach Event.]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[17][18].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

[17][18] This will be affected by the resolution of the "amendments" point.

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

(c) **Notwithstanding Section 9.03(a), assignments and participations of the rights and obligations of the Indenture Trustee and Specified Creditors (other than the Province) in accordance with the terms of the Trust Indenture may also assign the rights and obligations of the Indenture Trustee and Specified Creditors under this Agreement.**

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST , AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS

INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS[18][19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a **Guarantee** Payment Date, the aggregate of the Approved Obligation Amounts for such **Guarantee** Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a **Guarantee** Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the **Guarantee** Payment Date, the amount due and payable to the Beneficiary on such **Guarantee** Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the **Guarantee** Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the **Guarantee** Payment Date, the amount that would be available to be paid to the Beneficiary on such **Guarantee** Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the ~~amounts available under such applicable payment provisions~~**amount available for allocation to Specified Creditors in accordance with the terms** of the Trust Indenture ~~would be limited to the Clean Energy Adjustment payable in respect of such month.~~ **in respect of each relevant month during each Reference Period from and after May,**

[18][19] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

2021 is equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period.[20]

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the ~~Finding~~**Funding** Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

~~"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.][19]~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

~~"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act as of the date of this Agreement.~~

[20] **PM: the challenge is that the permitted acceleration amount is determined under the Regulations but in a post-change of law environment, we don't know what provisions of the Regulation remain. By going to "Finance Amount", we are using a defined term that is frozen at the date of this agreement.**

[19] ~~Process Agreement references define Suspension Rights. If dealers and OPG are comfortable with broad suspension rights (subject to the agreement of the Province with OPG under Process Agreement, not to implement suspension rights other than for Program Breach or Breach Event), then may be able to better cleanse this Agreement of operative references to the Process Agreement.~~

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"Guarantee Payment Date" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, ~~[~~as amended, supplemented, restated or otherwise modified from time to time~~]~~.[20]

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, ~~[~~as amended, supplemented, restated or otherwise modified from time to time~~]~~.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

~~"**Payment Date**" means the 15th day of each month.~~

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

~~[20] Still under consideration. Tied to the discussion around authorized "amendments".~~

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

~~"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM] [as amended, supplemented, restated< *or otherwise modified from time to time*>].~~

~~["**Process Certificate**" has the meaning ascribed thereto in the Process Agreement.]~~

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay ~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement~~**Obligations Secured**, or (b) this Agreement or any of the agreements under which ~~Approved~~ Obligations **Secured** arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay ~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement~~**Obligations Secured** and that has the effect of the Financing Entity not in fact having sufficient funds to pay such ~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement in respect of Approved~~ Obligations **Secured** that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

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Description	#24511859v3<TorysAtWork> - CLPA - Protection Agreement (COMMENTS)
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Statistics:	
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Moved to	1
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Total changes	196

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[2]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. **Blakes and Torys to discuss.**

[2] Once agreements are settled, Province to provide draft notice.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] **, or such lesser period as the Province may agree to,** prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days**, or such lesser period as the Province may agree to,** prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) ~~Not less than 10 Business Days prior to~~**Promptly following**[3] (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

[3] **This change was made due to accounting.**

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels; **or**

(B) ~~resign as the Manager under the Management Agreement; or~~ [4]

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the ~~occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection~~

[4] **As discussed in the meeting, this causes an accounting issue. Additionally, OPG is not permitted to resign under the Management Agreement.**

~~Event)~~**delivery of a Payment Demand**[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) **For greater certainty, nothing in this Agreement is intended to derogate from OPG's obligations as FSM and Manager.**

(d) ~~(c)~~ Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[6]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation[7] **(other than a Funding Obligation that (x) arises under a Derivative Agreement, or (y) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity)**, and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:~~3~~[8]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features,

[5] **Given that delivery of a Payment Demand is the trigger for the Limited Guarantee, the delivery of the Payment Demand is the more appropriate milestone.**

[6] **The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.**

[7] **OPG/Province to discuss circumstances in which a certificate will be required under this Section.**

~~3~~[8] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing ~~Primary~~**Funding** Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and[9]

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

[9] **We have cleansed the Protection Agreement of the concept of the Process Agreement and the related concept of the Breach Event. The process certificate already contemplates that a breach event has not occurred at the time of delivery of the certificate but we have also provided the added comfort of the covenant below in section 3.02.**

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Intentionally Deleted~~Acknowledgement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with its obligations to the Province in connection with the incurrence of the Funding Obligations in respect of which such certificate is delivered; provided that, upon receipt of a Breach Event Suspension Notice, OPG covenants not to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee. [10]

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including

[10] OPG needs the authority to provide this certification.

pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days**, or such lesser period as the Province may agree to,** prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days**, or such lesser period as the Province may agree to,** following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province~~,~~ **and OPG,**[11] and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

[11] **This is an accounting comment.**

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days**, or such lesser period as the Province may agree to,** following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province~~,~~ **and OPG,**[12] and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

[12] **This is an accounting comment.**

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[413]

[413] Note: Lawyers to discuss assumption mechanics.

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be

proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice and Article VI of this Agreement shall continues to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, ~~[~~other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement~~][NTD: Subject to the input of the dealers.]~~[5] [14]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

[5][14] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, ~~upon written notice to OPG,~~ and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a **written notice in the form of Exhibit ■ (a "Breach Event** Suspension Notice**")** to ~~the Indenture Trustee, OPG and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement~~**OPG**.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS[615]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"Breach Event >*Suspension Notice* *" has the meaning ascribed thereto in* **<Section 7.02.**

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[615] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement~~ but in no event shall it include obligations to service providers or amounts payable by the Financing Entity to a counterparty under any Funding Obligation Agreement permitted to be entered into by the Financing Entity pursuant to the Program Agreements under which an amount in excess of $1 Million in the aggregate would be payable~~.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"<***Suspension Notice**" has the meaning ascribed thereto in* >the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

Document comparison by Workshare Compare on November-20-17 1:53:34 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24511858/1
Description	#24511858v1<TorysAtWork> - 23239361-v12-CLPA - Process Agreement
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24511858/3
Description	#24511858v3<TorysAtWork> - CLPA - Process Agreement (COMMENTS)
Rendering set	strikeout-colour

Legend:	
Insertion	
~~Deletion~~	
<~~*Moved from* >~~	
>*Moved to* <	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	54
Deletions	34
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	90

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[1]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Torys and Blakes to discuss signatory on behalf of the Trust. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would propose to do the same on the change of law agreement.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[2], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

[2] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[3] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[4].

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or

[4] With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is one circumstance that demonstrates why the Province needs the right to know about and consider all underlying amendments.

Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Province, the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. [**The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.**] [**NTD: this is unusual. Why is it necessary in this Agreement?**]

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR

OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than [3] Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date (a "**Guarantee Payment Date**")[5], if any, the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date.

ii. On each such Guarantee Payment Date, the Province shall pay the Aggregate Approved Obligations Amount to the Indenture Trustee and the Indenture Trustee shall deposit such amount to the Protection Account.

iii. On each such Guarantee Payment Date, the Indenture Trustee shall apply all amounts on deposit in the Protection Account to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment

[5] PM: Interest Payment Dates and Principal Payment Dates are set in the supplements. While the present intention is to set them on Payment Dates, there is no guarantee that will always be the case.

provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[7] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The

[7] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8] shall apply all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[10]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

[10] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03 or Section 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred.

[11] The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequate notices of these event under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.

4.02 Adherence Conditions[12]

There shall be no Adherence Conditions applicable in relation to: (i) a Primary Obligation that is not a Funding Obligation or (ii) a Primary Obligation that (x) arises under a Derivative Agreement, or (x) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity. The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation that does provide for the advance of more than $■ to the Financing Entity:

(a) the Primary Obligation when incurred will be an Obligation Secured under the Trust Indenture; and

(b) either (x) OPG delivers an officer's certificate addressed to the Indenture Trustee, prior to the entering into of the related Funding Obligation Agreement, confirming that OPG has complied with its obligations to the Province in connection with the Primary Obligation, or (y) OPG has in fact complied with its obligations to the Province in connection with the Primary Obligation; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

For greater certainty, satisfaction of the Adherence Conditions for any Funding Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under, or in respect of, the Funding Obligation and the related Funding Obligation Agreement as such agreement may be amended, restated, supplemented or otherwise modified from time to time.[13]

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)(x) in connection with an incurrence of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

[12] The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[13] This language was added to track Section 2(2) of the regs and ensure that there is no obligation to satisfy the Adherence Conditions every time interest is incurred in respect of a Funding Obligation for which the Adherence Conditions have already been satisfied.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[14]

[14] Section to be updated to conform with section in the Trust Indenture once settled.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.[15]

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[16]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as

[15] To be confirmed this covenant is only meant to apply following a Payment Demand? Note that once the Province exercises this right, ,the desired accounting treatment will be lost.

[16] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[17]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

[17] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the Province becoming aware of the occurrence of a Program Breach.

[NTD: the concept of Breach Event has been removed from Protection Agreement and replaced by provisions in the Process Agreement providing that upon notice of a Breach Event to OPG in the Process Agreement, OPG will not be permitted to deliver the certificate required to satisfy the Adherence Conditions. This was done to cleanse the Protection Agreement of any references to the Process Agreement but leave the Province in the same position of being able to (indirectly) suspend application of the change of law agreement to future issuances upon a Breach Event.]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[18].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

[18] This will be affected by the resolution of the "amendments" point.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

(c) Notwithstanding Section 9.03(a), assignments and participations of the rights and obligations of the Indenture Trustee and Specified Creditors (other than the Province) in accordance with the terms of the Trust Indenture may also assign the rights and obligations of the Indenture Trustee and Specified Creditors under this Agreement.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:

By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS[19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with the terms of the Trust Indenture in respect of each relevant month during each Reference Period from and after May, 2021 is equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period.[20]

[19] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

[20] PM: the challenge is that the permitted acceleration amount is determined under the Regulations but in a post-change of law environment, we don't know what provisions of the Regulation remain. By going to "Finance Amount", we are using a defined term that is frozen at the date of this agreement.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[2]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

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[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.

[2] Once agreements are settled, Province to provide draft notice.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] , or such lesser period as the Province may agree to, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following[3] (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

[3] This change was made due to accounting.

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels; or

(B) [4]

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the delivery of a Payment Demand[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption,

[4] As discussed in the meeting, this causes an accounting issue. Additionally, OPG is not permitted to resign under the Management Agreement.

pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) For greater certainty, nothing in this Agreement is intended to derogate from OPG's obligations as FSM and Manager.

(d) Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[6]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation[7] (other than a Funding Obligation that (x) arises under a Derivative Agreement, or (y) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:[8]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features,

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[5] Given that delivery of a Payment Demand is the trigger for the Limited Guarantee, the delivery of the Payment Demand is the more appropriate milestone.

[6] The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[7] OPG/Province to discuss circumstances in which a certificate will be required under this Section.

[8] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and[9]

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

[9] We have cleansed the Protection Agreement of the concept of the Process Agreement and the related concept of the Breach Event. The process certificate already contemplates that a breach event has not occurred at the time of delivery of the certificate but we have also provided the added comfort of the covenant below in section 3.02.

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with its obligations to the Province in connection with the incurrence of the Funding Obligations in respect of which such certificate is delivered; provided that, upon receipt of a Breach Event Suspension Notice, OPG covenants not to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee. [10]

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]**

[1010] OPG needs the authority to provide this certification.

of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG,[11] and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting

[11] This is an accounting comment.

out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG,[12] and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

[12] This is an accounting comment.

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[13]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things,

[13] Note: Lawyers to discuss assumption mechanics.

specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice and Article VI of this Agreement shall continues to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[14]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

[14] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a written notice in the form of Exhibit ■ (a "Breach Event Suspension Notice") to OPG.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS[15]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[15] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

From: Hanslep, Malle (MOF)
To: Gadi Mayman; Ken Kandeepan; Mike Manning; Ronald Kwan; Anna Strathy; John Psinas; Tim Christie (ENERGY); Daniel Cayley (ENERGY); Mark Donaldson (MOF); Veinot, Cindy (TBS)
Cc: Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY)
Subject: Fw: Change of Law Protection and Process Agreement
Date: Sunday, December 03, 2017 1:13:13 PM
Attachments: 23239361-v18-Change of Law - Process Agreement.DOCX
23239360-v21-Change of Law Protection Agreement.DOCX
Process Agreement - BL v Province Nov 21 draft.pdf
Protection Agreement - BL v Province Nov 21 draft.pdf
Process Agreement - BL v Torys.pdf
Protection Agreement - BL v Torys.pdf
Protection Agreement - BL v internal draft reviewed Dec 1.pdf
Process Agreement - BL v Internal draft reviewed Dec 1.pdf

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: VINER, JON <JON.VINER@blakes.com>
Sent: Sunday, December 3, 2017 11:45
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY)
Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: Change of Law Protection and Process Agreement

All,

Please find attached clean and blacklined copies of the Change of Law agreements.

I wasn't sure which blackline would be most helpful for your review. I've attached blacklines against:

- The Province's previous external circulated draft (November 21)

- Torys' draft (November 24)

- The Province's previous internal circulated draft (discussed on Friday).

I look forward to discussing tomorrow.

Kind regards,
Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

_____

[cid:image72b0e7.GIF@90def241.49b60a3b]

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Draft: December 3, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $**[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the

Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered;[2] for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

[2] **Note to Torys:** We believe the revision makes clear that OPG is only certifying as to the Protection Agreement Maximum as at the date the Process Certificate is delivered.

3.02 Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection 4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section 7.01]** of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between

the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any

discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Draft: December 3, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled. **Note to Torys:** Logistics of closing are under consideration.

[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

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[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Intentionally Deleted

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of

the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or

release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee shall (absent the Rating Agency Condition being satisfied with respect to the Protection Event not occurring) deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved

Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(A), and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such amounts paid to Beneficiary Payees being "**Subrogation Amounts**"); and[4]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(v)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the

[4] **Note:** The Province will be entitled to receive cash flows that would have been required to pay Approved Obligations remaining under the payment waterfalls after satisfaction of all Approved Obligations. Further consideration is required in order to ensure these amounts are paid to the Province, despite those amounts not being paid on a "Guarantee Payment Date" (ie. no amount is paid by the Province under the Limited Guarantee on those later Payment Dates, so currently not covered as not arising on a Guarantee Payment Date). Those residual entitlements must be included as "Subrogation Amounts".

priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is

established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by

such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights

and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the

extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[5]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit B (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

[5] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf

of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province

pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof) divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

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[6] **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to Torys:** Yes.

[7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[8]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the

[8] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[9]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

[9] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[10]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

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[10] **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Torys**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

[1] ~~Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.~~

[2] ~~Lawyers to discuss.~~

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[3];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

[3] Added to address the scenarios contemplated in 2.01(c).

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement [nor in the Change of Law Protection Agreement][4] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[5]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on the earlier of (i) one Business Day prior to or before the incurrence or any amendment of a Funding Obligation, (other than any Funding Obligation under which not more than $■ **[5,000,000]** in the aggregate may become payable by the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

[4] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention.

[5] OPG/Dealers have indicated that "The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province has asked Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors.

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum~~;~~ applicable on the date that the Process Certificate is delivered;[2] for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

[2] **Note to Torys:** We believe the revision makes clear that OPG is only certifying as to the Protection Agreement Maximum as at the date the Process Certificate is delivered.

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Delivery of a Suspension Notice~~ Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section ~~8.01~~3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement~~,~~ to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection 4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section** ~~8.01~~**7.01]** of the Change of Law Protection Agreement unless ~~any of the following circumstances~~a Program Breach or a Breach Event has occurred~~:~~.

~~(a) a Program Breach; and~~

~~(b) a Breach Event.~~

3.04 ~~3.03~~ Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 ~~3.04~~ Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01~~ or Article VI~~]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ or upon the assumption of obligations in accordance with [Article VI] of the Change of Law Protection Agreement~~; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG

shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is ~~not less~~more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is ~~not less~~more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection

Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may

limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~ARTICLE VI~~
~~PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS~~[6]

~~6.01 Election by the Province~~

~~Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").~~

~~6.02 Details regarding Obligations Secured~~

~~Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:~~

~~(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;~~

~~(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;~~

~~(c) current versions of all documentation under which the Obligations Secured arise;~~

~~(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or~~

~~[6] Note: Lawyers to discuss assumption mechanics.~~

the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that

~~arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.~~[7]

ARTICLE VI~~ARTICLE VII~~
BREACH EVENTS

6.01 ~~7.01~~ Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII~~ARTICLE VIII~~
MISCELLANEOUS

7.01 ~~8.01~~ Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 ~~8.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business

~~[7] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.~~

Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189
~~Email: [■]~~

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~8.02~~7.02.

7.03 ~~8.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section ~~8.03~~7.03 shall be null and void.

7.04 ~~8.04~~ Enurement

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

7.05 ~~8.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 ~~8.06~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under this Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under this Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.~~has the meaning ascribed thereto in Section 6.01.

~~has the meaning ascribed thereto in Section 7.01.~~

~~"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"~~**Election Information Notice**~~**Executive Officer**" has the meaning ascribed thereto in ~~Section 6.01~~the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)~~.~~

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)~~.~~

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~"**Legislature**" means the Legislature of the Province of Ontario.~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" ~~means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.~~

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03.~~3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04.~~3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons

having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

~~**EXHIBIT A**~~
~~**FORM OF ELECTION INFORMATION NOTICE**~~

~~EXHIBIT B~~

~~FORM OF BREACH EVENT SUSPENSION NOTICE~~

Document comparison by Workshare Compare on Sunday, December 03, 2017 11:35:31 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/14
Description	TOR_2528-#23239361-v14-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/18
Description	TOR_2528-#23239361-v18-Change_of_Law_-_Process_Agreement
Rendering set	standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	55
Deletions	104
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	161

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~[1]~~[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled. **Note to Torys:** Logistics of closing are under consideration.

~~[1] Torys and Blakes to discuss signatory~~[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would ~~propose to do the same on the change of law agreement~~like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2][3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations ~~Secured~~ that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence

[2] ~~Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.~~

[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

Conditions at the time the Approved Obligation is incurred ~~or amended~~. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Proof of Approved Obligations~~Intentionally Deleted

~~The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.~~

~~Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.~~

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR

OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest

calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able

on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~may~~shall (absent the Rating Agency Condition being satisfied with respect to the Protection Event not occurring) deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than ~~[~~3~~]~~ Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand~~ and prior to the Assumption Effective Date, if any,~~ (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement~~, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**")~~ setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to

whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) ~~(i)~~ the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) ~~(ii)~~ the Province shall be paid the ~~amount by which~~lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(~~i~~A), ~~exceeds~~and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such ~~payments to the Province~~amounts paid to Beneficiary Payees being "**Subrogation Amounts**"); and[4]

[4] **Note:** The Province will be entitled to receive cash flows that would have been required to pay Approved Obligations remaining under the payment waterfalls after satisfaction of all Approved Obligations. Further consideration is required in order to ensure these amounts are paid to the Province, despite those amounts not being paid on a "Guarantee Payment Date" (ie. no amount is paid by the Province under the Limited Guarantee on those later Payment Dates, so currently not covered as not arising on a Guarantee Payment Date). Those residual entitlements must be included as "Subrogation Amounts".

(C) ~~(iii)~~ no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(~~ii~~B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(v), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the

Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[3] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the

[3] ~~Mechanics of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.~~

Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[4]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

[4] ~~A corresponding provision needs to be added to the Trust Indenture and each other Funding Obligation Agreement under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.~~

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations~~, or until the Province is no longer required to provide and perform the Limited Guarantee~~ in accordance with Section ~~6.03 or Section 8.02.~~8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but

nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions[5]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation ~~other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity~~:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG ~~(or their respective designees, provided that such designees are executive officers of OPG and,~~ , or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, ~~one Business Day prior to the Financing Entity entering into or becoming bound by the related Funding Obligation Agreement~~on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, ~~(or their respective~~

[5] ~~Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors.~~

~~designees, provided that such designees are executive officers of OPG and,~~ or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a ~~Funding~~Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the ~~Funding~~Certified Primary Obligation, as such ~~Funding~~Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b~~)(x~~) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the

applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[**Sections 7.04 through 7.11 and 8.13 (Payment Priorities), **Section ~~7.11~~7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), ~~Sections 7.04 and 8.13 (Payment Priorities),~~ Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) ~~thereof]~~** ~~and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.~~[6]**]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]**

[6] ~~Section to be updated to conform with section in the Trust Indenture once settled.~~

of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section ~~2.01.~~7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~**ARTICLE VI**~~
~~**NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED**~~

~~**6.01 Delivery of Assumption Notice**~~

~~Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").~~

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[7]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

[7] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals ~~or Issuance of Notes~~

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 ~~7.03~~ Representations and Covenants of the Indenture Trustee[5]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

~~(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;~~

~~(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and~~

(b) ~~(d)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

[5] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

ARTICLE VII~~ARTICLE VIII~~
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 ~~8.01~~ Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

~~The~~the Province may~~, at any time and for any reason,~~ declare that the Limited Guarantee under this Agreement shall not apply to any ~~Obligation Secured~~Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit ~~C~~B (a "**Suspension Notice**") ~~to the Province~~ to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 ~~8.02~~ Suspension

If a Suspension Notice has been provided under Section ~~8.01~~7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any

Primary Obligation ~~Secured~~ incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered.~~ (provided that the Refinancing is an Approved Obligation).

~~8.03 Termination Notice~~

~~On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").~~

7.03 ~~8.04~~ No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI~~ (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII~~ARTICLE IX~~
MISCELLANEOUS

8.01 ~~9.01~~ Term of Agreement

~~This Agreement will continue until the later of:~~

~~(a)~~ ~~the~~ This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee~~; and~~.

~~(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.~~

8.02 ~~9.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~
~~Email: [■]~~592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: ~~[■]~~Manager, Corporate Trust
Fax: (416) ~~[■]~~981-9777
Email: ~~[■]~~corporatetrust.toronto@computershare.com

~~[■]~~

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189

~~Email: [■]~~

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

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

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

~~9.07 Intentionally Deleted~~

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, ~~[~~BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER~~]~~[8]

By: _____
Name:
Title:
By: _____
Name:
Title:

~~8 [To be discussed.]~~

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, ~~means~~ the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month [during each Reference Period ~~from and after May, 2021]~~[9] is equal to the [estimated ~~finance amount~~Finance Amount determined in respect of such Reference Period ~~pursuant to~~for purposes of section •15(1) of the ~~General Regulation (as set forth~~Act (in effect on

[9] ~~What about earlier periods? Are the earlier periods covered at all, or is the intention that they would be determined without regard to the acceleration mechanics of the Regulation?~~

the date hereof)]10 divided by the number of months in such Reference Period.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[7]

"**Change of Law Protection Agreement**" means this Agreement.

10 This needs to tie into the "estimated finance amount" determined under the General Regulation applicable during the Reference Period.

6 **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to Torys:** Yes.

7 **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with~~has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, ~~the trustee of the~~ and thereafter "Financing Entity ~~at~~Trustee" means and includes such ~~time~~Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

~~"**General Regulation**" means O. Reg. 206/17 made under the Act.~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

~~"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account~~,~~ or Finance Reserve Account~~, or Supplemental Reserve Account~~; and (ii) any ~~amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust~~obligation to pay the Financing Entity or on the ~~Trust~~Financing Entity's direction any remaining amounts ~~of Available Collections.~~in the Collection Account pursuant to the Trust Indenture.[8]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[9]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

[8] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Pay ment Date.

[9] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the ~~[~~Crown~~]~~, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency** ~~**Condition**~~" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in ~~in~~ the General Regulation as of the date hereof.[10]

~~"**Repayment**" has the meaning ascribed thereto in the General Regulation.~~

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

~~"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.~~

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[10] **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended f unding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Torys**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

~~**EXHIBIT A.1**~~
~~**FORM OF GUARANTOR SETTLEMENT STATEMENT**~~

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

~~**EXHIBIT C**~~

~~**SUSPENSION NOTICE**~~**DATED** as of the [■] day of [■], [■].

~~**EXHIBIT D**~~
~~**TERMINATION NOTICE**~~

~~**EXHIBIT E**~~

~~**FORM OF ASSUMPTION AGREEMENT**~~

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on Sunday, December 03, 2017 11:32:17 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/17
Description	TOR_2528-#23239360-v17-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/21
Description	TOR_2528-#23239360-v21-Change_of_Law_Protection_Agreement
Rendering set	standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	189
Deletions	187
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	386

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled ~~and prior to pricing of the term deal~~. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of ~~Primary~~ Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents ~~listed on Exhibit "A"~~, and the Province has not objected to such forms ~~and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement~~.

~~Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "**Initial Financing Plan**"), and the Province has not objected to such Initial Financing Plan.~~

~~Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the 24 month period following the date hereof (the "**Initial Forecast Period**"); and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "**Initial Protection Agreement Maximum**").~~[3]

[2] ~~We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.~~

[3] ~~Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.~~

~~The Province has not objected to the Initial Forecast and the Initial Protection Agreement Maximum on the basis that (i) there does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.~~

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect,

including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof.

To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise

expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the ~~Initial~~ Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event[5] (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

~~(c) For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.[6]~~

(c) ~~(d)~~ Nothing in this Agreement ~~nor in the Change of Law Protection Agreement~~[7] shall limit the obligations of the Province under the Indemnity Agreement by the

[4] ~~Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.~~

[5] ~~OPG is not in a position to be aware of events that may lead to a Protection Event.~~

[6] ~~We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.~~

[7] ~~This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.~~

Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement~~, the Change of Law Protection Agreement~~ and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[8]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a ~~Certified Primary Obligation~~Funding Obligation, other than any Funding Obligation under which not more than $**[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the ~~Certified Primary~~Funding Obligation), setting out the following with respect to such ~~Certified Primary~~Funding Obligation:

(a) the material terms of the ~~Certified Primary~~Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a ~~Master~~Derivative Agreement[9]~~, events of default, termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation)~~, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) ~~(b)~~ a statement to the effect that: (i) the ~~Certified Primary~~Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are

[8] ~~The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under the Protection Agreement. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to the adherence conditions may not be clear.~~

[9] ~~Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.~~

Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) ~~(c)~~ a statement confirming that any disclosure made in respect of the ~~Certified Primary~~Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Certified Primary~~Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) ~~(d)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) ~~(e)~~ confirmation that, at the time the ~~Certified Primary~~Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the ~~Certified Primary~~Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the ~~then applicable~~ Protection Agreement Maximum~~;~~ applicable on the date that the Process Certificate is delivered;[2] for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

[2] **Note to Torys:** We believe the revision makes clear that OPG is only certifying as to the Protection Agreement Maximum as at the date the Process Certificate is delivered.

3.02 Acknowledgement[10] regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection [4.02(b)]** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection [4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection [4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.[11]

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section 7.01]** of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 ~~3.03~~ Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(~~b~~c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

[10] OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.

[11] Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.

3.05 ~~3.04~~ Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(~~b~~c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01~~ or Article VI~~]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement~~; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum~~12~~

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

~~12 Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.~~

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(a)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) ~~(b)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~a~~c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) ~~(c)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in

the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
~~PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS~~[13] BREACH EVENTS

6.01 ~~Election by the Province~~Breach Events

~~Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit "D" (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date or dates on which the Province proposes to assume the Obligations Secured referred to in this Section 6.01, which date or dates shall be no earlier than 60 days[14] following delivery of the Election Information Notice to OPG (with respect to each such Obligation Secured, the "**Proposed Assumption Date**").~~

~~6.02 Details regarding Obligations Secured~~

~~Within 10 Business Days following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:~~

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) ~~a summary of the amounts that will be owing under the Obligations Secured referred to in Section 6.01 as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under such Obligations Secured;~~a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

~~(b)~~ ~~a summary of the rights arising under the Obligations Secured referred to in Section 6.01 that permit the Province to assume such Obligations Secured, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;~~

~~(c)~~ ~~current versions of all documentation under which the Obligations Secured referred to in Section 6.01 arise;~~

~~[13] Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).~~

~~[14] This process will take time and require appropriate notice to holders of the applicable Obligations Secured.~~

~~(d)~~ ~~copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured referred to in Section 6.01 by the Province; and~~

~~(e)~~ ~~all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.~~

~~6.03 Settlement of Terms~~

(b) ~~Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured referred to in Section 6.01 and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.~~any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

~~6.04 Cooperation to Implement the Assignment and Assumption~~

(c) OPG ~~shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured referred to in Section 6.01 by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.~~is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII[15]
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

[15] Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence of an event described~~has the meaning ascribed thereto in Section ~~**[8.01(b) or (c)]** of the Change of Law Protection Agreement.~~ 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" ~~means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

~~[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?~~
~~[17] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

~~"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Executive Officer**" has the meaning ascribed thereto in the ~~*Securities Act* (Ontario)~~Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~a~~c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Initial Financing Plan**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Initial Forecast**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

~~"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~18~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Master Agreement**" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.~~

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

~~18 Definition of Legislature not used here.~~

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"~~**Proposed Assumption Date**~~**Program Breach**" has the meaning ascribed thereto in ~~Section 6.01~~the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03~~3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04~~3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement;

(vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to ~~a~~an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

~~**EXHIBIT "A"**~~
~~**INITIAL REFERENCE DOCUMENTATION**~~

- ~~Declaration of Trust;~~
- ~~Management Agreement;~~
- ~~Master Transfer and Servicing Agreement;~~
- ~~Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;~~
- ~~Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;~~
- ~~Trust Indenture;~~
- ~~Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;~~
- ~~Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and~~

- ~~Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.~~

~~**[NTD: List above to be confirmed.]**~~

~~**EXHIBIT "B"**~~
~~**INITIAL FINANCING PLAN**~~

~~**(see attached)**~~

~~**EXHIBIT "C"**~~
~~**INITIAL FORECAST**~~

~~**(see attached)**~~

~~**EXHIBIT "D"**~~
~~**FORM OF ELECTION INFORMATION NOTICE**~~

~~**[NTD: Blakes to provide draft.]**~~

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Document 1 ID	PowerDocs://TOR_2528/23239361/15
Description	TOR_2528-#23239361-v15-Change_of_Law_-_Process_Agreement
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Description	TOR_2528-#23239361-v18-Change_of_Law_-_Process_Agreement
Rendering set	standard

Legend:	
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Statistics:	
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Insertions	73
Deletions	155
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	238

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled ~~and prior to pricing of the term deal~~. **Note to Torys:** Logistics of closing are under consideration.

[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Proof of Approved Obligations~~Intentionally Deleted

~~The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.~~

~~Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.~~

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a

Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~may~~shall (absent the Rating Agency Condition being satisfied with respect to the Protection Event not occurring) deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand ~~and prior to the Assumption Effective Date, if any,~~ (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder ~~(a "**Guarantor Settlement Statement**")~~[4] .

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such

[4] ~~Given timing, we would appreciate if the parties did not negotiate this form now.~~

Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(A), and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such ~~payments~~amounts paid to ~~the Province~~Beneficiary Payees being "**Subrogation Amounts**"); and[5~~4~~]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the

[5] ~~We thought this section~~[4] **Note:** The Province will be entitled to receive cash flows that would have been required ~~tweaking to reflect the intention of~~to pay Approved Obligations remaining under the payment waterfalls after satisfaction of all Approved Obligations. Further consideration is required in order to ensure these amounts are paid to the ~~parties.~~ Province, despite those amounts not being paid on a "Guarantee Payment Date" (ie. no amount is paid by the Province under the Limited Guarantee on those later Payment Dates, so currently not covered as not arising on a Guarantee Payment Date). Those residual entitlements must be included as "Subrogation Amounts".

Province under subclause 2.01(a)iv(B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(~~iv)(B~~v)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the

Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no

continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by

settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section ~~9.01~~8.01.[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

[6] ~~We made this change to be consistent with the termination clause in section 9.01.~~

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, ~~agrees~~designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions[7]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has ~~provided to the Province all certifications required by~~delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the ~~incurrence of such~~adherence of the Limited Guarantee to the Certified Primary Obligation; and

[7] ~~We would propose that the certification in section 4.02(b) of the Protection Agreement track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province.~~

[8] ~~We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.~~

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the ~~incurrence of a~~adherence of the Limited Guarantee to the Certified Primary Obligation.[9]

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved

[9] ~~This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.~~

Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee ~~shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.~~[10] may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

[10] ~~These changes were made to conform to the latest draft of the Trust Indenture, a copy of which will be circulated soon.~~

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee ~~or~~and subrogee~~, as applicable,~~ of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section ~~2.01.~~7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~ARTICLE VI~~
~~NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED~~[11]

~~6.01 Delivery of Assumption Notice~~

~~Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of such Obligations Secured will be effective (each such date being an "**Assumption Closing Date**").~~[12]

~~[11] Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.~~

~~[12] It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).~~

~~6.02 Cooperation to Implement the Assignment and Assumption~~

~~The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province by the applicable Assumption Closing Date.~~

~~6.03 Effect of Assignment and Assumption~~

~~On the date that the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under such Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom.~~

~~6.04 Interim Period~~

~~Until the effective time of the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee with respect to those Obligations Secured.~~

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 ~~7.03~~ Representations and Covenants of the Indenture Trustee[13]~~5~~

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII~~ARTICLE VIII~~
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 ~~8.01~~ Suspension Notice

Upon:

(a) a Program Breach;~~ or~~

(b) a default in the performance, or breach, of any covenants ~~or representations of the FSM~~of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with ~~an incurrence or amendment of Primary Obligations~~its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to ~~the FSM~~OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) ~~(c)~~ the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the

[13]~~5~~ **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

[14] ~~We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

form of Exhibit ~~C~~B (a "**Suspension Notice**") ~~to the Province~~ to the Indenture Trustee, the FSM and the Financing Entity.[15]

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 ~~8.02~~ Suspension

If a Suspension Notice has been provided under Section ~~8.01~~7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred[16] or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~. For greater certainty, the rights of the Province under Article VI shall apply in respect of the Obligations Secured referenced in Section 6.01, including if incurred on or after the time such Suspension Notice is delivered.~~[17] (provided that the Refinancing is an Approved Obligation).

7.03 ~~8.03~~ No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ARTICLE VI~~ (provided that the Refinancing is an Approved Obligation).

~~[15] OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.~~

~~[16] We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

~~[17] We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.~~

ARTICLE VIIIARTICLE IX
MISCELLANEOUS

8.01 9.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity
Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust

Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

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

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

~~9.07~~ ~~Intentionally Deleted~~

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of ~~the~~a Certified Primary ~~Obligations~~Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof) divided by the number of months in such Reference Period.

~~"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the applicable Supplemental Indenture or Loan Agreement affected by the assignment and assumption contemplated under Article VI,~~

~~which agreement shall be in substantially the form of assumption agreement set forth in the applicable Supplemental Indenture or Loan Agreement.~~

~~"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that ~~are payment obligations that~~ are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[~~18~~6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[~~19~~7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

[~~18~~6] **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to Torys:** Yes.

[~~19~~] ~~This~~[7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed ~~thereto in the~~to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities ~~*Act* (Ontario)~~Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.[20]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

[20] ~~We are merely conforming this definition to the definition of Indenture Trustee.~~

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

~~"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~a 1992~~an ISDA Master Agreement ~~(Multi-Currency – Cross-Border)~~ as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~21~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

~~21 The definition of Notes is not used in the Agreement.~~

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[~~22~~8]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[~~23~~9]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the

[~~22~~8] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

[~~23~~9] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" ~~means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.[24]~~has the meaning ascribed to the term "refinancing" in the Act as of the date hereof,

as more particularly described and given meaning in the General Regulation as of the date hereof.[10]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

~~24~~10 **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Torys**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

~~[NTD: Blakes to provide draft]~~

~~**EXHIBIT C**~~
~~**SUSPENSION NOTICE**~~

~~**[NTD: Blakes to provide draft]**~~

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on Sunday, December 03, 2017 11:30:57 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/18
Description	TOR_2528-#23239360-v18-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/21
Description	TOR_2528-#23239360-v21-Change_of_Law_Protection_Agreement
Rendering set	standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	126
Deletions	149
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	277

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled ~~and prior to pricing of the term deal~~. **Note to Torys:** Logistics of closing are under consideration.

[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Proof of Approved Obligations~~Intentionally Deleted

~~The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.~~

~~Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.~~

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a

Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~may~~shall (absent the Rating Agency Condition being satisfied with respect to the Protection Event not occurring) deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the

amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(A), and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such ~~payments~~amounts paid to ~~the Province~~Beneficiary Payees being "**Subrogation Amounts**"); and[4]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under

[4] **Note:** The Province will be entitled to receive cash flows that would have been required to pay Approved Obligations remaining under the payment waterfalls after satisfaction of all Approved Obligations. Further consideration is required in order to ensure these amounts are paid to the Province, despite those amounts not being paid on a "Guarantee Payment Date" (ie. no amount is paid by the Province under the Limited Guarantee on those later Payment Dates, so currently not covered as not arising on a Guarantee Payment Date). Those residual entitlements must be included as "Subrogation Amounts".

such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(v)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any

amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be

reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and

the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee ~~shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 8.02.~~may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section ~~7.1~~7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[45]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

[45] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the ~~adherence~~provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the ~~adherence~~provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit B (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any

Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 ~~Intentionally Deleted~~Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof)[5] divided by the number of months in such Reference Period.

[5] ~~**Note to Province**: MOE should confirm that this captures the limitations contemplated in connection with any "acceleration" under the revised Regulation. Consider whether it is necessary to refer specifically to the Regulation to avoid any disconnect, and to tie in specifically to the context of the acceleration scenario applicable at the time.~~

~~23239360.20~~23239360.21

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

[6] **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to ~~Province:~~** ~~Please advise. We may respond that to extent the draw is a Certified Primary Obligation, we would like to maintain the process set out in this Agreement~~**Torys:** Yes.

[7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed ~~thereto in~~ to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.~~8~~

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

~~8 **Note to Torys:** We have used the definition from NI 51-102 as there is only a definition of "officer" (but not "executive officer") in the OSA. **Note to Province:** Province to confirm that scope is acceptable. In NI 51-102, "Executive officer" means an individual who is (a) a chair, vice-chair or president; (a.1) a chief executive officer or chief financial officer; (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or (c) performing a policy-making function in respect of the issuer". If you prefer, we may use the definition of "officer" from the *Securities Act*. "Officer" means (a) a chair or vice-chair of the board of directors, a chief executive officer, a chief operating officer, a chief financial officer, a president, a vice-president, a secretary, an assistant secretary, a treasurer, an assistant treasurer and a general manager; (b) every individual who is designated as an officer under a by-law or similar authority of the registrant or issuer, and (c) every individual who performs functions similar to those normally performed by an individual referred to in clause (a) or (b).~~

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

~~"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[98]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[109]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

[98] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

[109] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[~~11~~10]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

[~~11~~10] **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to ~~Province~~Torys**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. ~~Consider if further discussion is required and MOE to specifically confirm understanding of the Regulation on this point~~We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on Sunday, December 03, 2017 11:39:43 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/20
Description	TOR_2528-#23239360-v20-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/21
Description	TOR_2528-#23239360-v21-Change_of_Law_Protection_Agreement
Rendering set	standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	55
Deletions	47
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	104

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled ~~and prior to pricing of the term deal~~. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment[2] of a Funding Obligation, other than any Funding Obligation under which not more than $~~.~~ **[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

[2] ~~**Note to Province:** Please confirm that the timing of the delivery of the Process Certificate is satisfactory to you. The Process Certificate is delivered "on or before" incurrence or amendment. If preferable, we can revert back to the prior timing, which was delivery on the earlier of incurrence/ amendment, or pricing.~~

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the ~~then applicable~~ Protection Agreement Maximum~~;~~ applicable on the date that the Process Certificate is delivered;[2] for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

[2] **Note to Torys:** We believe the revision makes clear that OPG is only certifying as to the Protection Agreement Maximum as at the date the Process Certificate is delivered.

3.02 Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection 4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section 7.01]** of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between

the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any

discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes,

bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Document comparison by Workshare Compare on Sunday, December 03, 2017 11:41:21 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/17
Description	TOR_2528-#23239361-v17-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/18
Description	TOR_2528-#23239361-v18-Change_of_Law_-_Process_Agreement
Rendering set	standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	13
Deletions	15
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	28

From: Ronald Kwan
To: John Kim
Subject: Fw: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date: Thursday, November 09, 2017 9:35:40 AM
Attachments: #46682211v3_LEGAL_1_ - Change of Law Protection Agreement.docx
ATT00001.htm
Compare.pdf
ATT00002.htm
#46684849v3_LEGAL_1_ - Change of Law Process Agreement.DOCX
ATT00003.htm
Compare.pdf
ATT00004.htm

From: Ken Kandeepan
Sent: November 9, 2017 6:49 AM
To: Gadi Mayman; Mike Manning; Ronald Kwan; Anna Strathy; Carlos Yep; James Devine
Subject: Fwd: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

For the meeting today

Thanks

Ken k

Begin forwarded message:

> **From:** LEE John -TREASURY <john.s.lee@opg.com>
> **Date:** November 9, 2017 at 2:52:50 AM EST
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Cc:** RYFA Ken -TREASURY <ken.ryfa@opg.com>, LADAK Lubna -TREASURY <lubna.ladak@opg.com>, MAUTI John -FIN & C CTRL <john.mauti@opg.com>, "LAURETA LAPIRA May -TREASURY" <may.lapira@opg.com>, LIU Sheen -TREASURY <sheen.liu@opg.com>
> **Subject: Fwd: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement**
>
> As requested
>
> Sent with BlackBerry Work (www.blackberry.com)
> _____
> From: "Sebastiano, Rocco" <RSebastiano@osler.com>
> Sent: Nov 9, 2017 2:12 AM
> To: "Ramchandani, Rima" <rramchandani@torys.com>; "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>; JON.VINER@blakes.com; JA.PRESTAGE@blakes.com; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
> Cc: "Feldman, Michael" <mfeldman@torys.com>; "Mansoori, Nina" <nmansoori@torys.com>; "Saulnier, Brett" <bsaulnier@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; "Milligan, Peter" <PMilligan@osler.com>; "Fullerton, Rick" <RFullerton@osler.com>; "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>; "Adalja, Sunil" <Sunil.Adalja@cibc.com>; "Maciel, Andrew" <Andrew.Maciel@cibc.com>; "'Benaiah, Ian'" <ian.benaiah@rbccm.com>; "'Khan, Nur (nur.khan@rbccm.com)'" <nur.khan@rbccm.com>; "'brent.r.taylor@rbccm.com'" <brent.r.taylor@rbccm.com>; "Niehaus, Katrina" <Katrina.Niehaus@gs.com>; "Delaney, Brian" <Brian.Delaney@gs.com>; "Conner, Robbin" <Robbin.Conner@gs.com>
> Subject: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
>
> *** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***
> _____
>
> Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.
>
> The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.
>
> Regards, Rocco?????
> [cid:image001.gif@01D358FE.53C31E30]
>
> Rocco Sebastiano
> Partner
>
> 416.862.5859

DIRECT

416.862.6666

FACSIMILE

rsebastiano@osler.com

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

[cid:image002.gif@01D358FE.53C31E30]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.osler.com-252F-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257Cabe6ff3131a64b7ae4dd08d52741018d-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636458083400295201-26sdata-3DmRjGx-252BUUa3bVQCqwTcdPwHEUpB-252FG8-252FeLD0tIL33rZOo-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=TB284enhW9TDXv41kUcZXv1iZ93rrcPG-0qBrxckFeY&s=bWJbuBRlvmjXithHlGfb_S07BYO__GhnpGveRNbzew0&e= >

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Hill, Krista <khill@torys.com<mailto:khill@torys.com>>
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Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

FAIR HYDRO TRUST, BY ITS MANAGER, ONTARIO POWER GENERATION INC.

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Ontario Power Generation Inc., as the Manager and in its capacity as Manager of Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc. in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee and in its capacity as trustee for the Beneficiaries in accordance with the Trust Indenture, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The FSM, as agent of the Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

The FSM and the Province will concurrently enter into the Process Agreement, under which the FSM will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor, except in each case as referenced in the definition of Protection Event;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.03 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture.

1.04 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province upon performance by the Province of the Primary Obligation. To the extent of any conflict between this Agreement and the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail.

1.05 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.06 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.07 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.08 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.09 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.10 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.11 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.12 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.13 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.14 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.15 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.16 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.17 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to the Financing Entity, such reference shall

be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the FSM as agent for the Financing Entity Trustee (in its capacity as trustee of the Financing Entity). **[NTD: Discuss whether the Financing Entity Trustee should be a party to this Agreement and references to the Financing Entity Trustee re-inserted into this section and others.]**

1.18 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the Approved Obligations owing from time to time by the Financing Entity to the Indenture Trustee as and when they become

due and payable[1]. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts owing by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[2], in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, in each case by the Province depositing or causing the deposit of the applicable payment amount into the Protection Account 5 Business Days prior to the fifteen day of each calendar month (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages.

2.02 <u>Gross-up</u>

All amounts payable by the Province under this Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Province is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Province shall deposit into the Protection Account such additional amount as is necessary to ensure that the Indenture Trustee receives (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise due and payable in respect

[1] Consider mechanics for notifying the Province regarding the specific amounts payable and their due dates. Consider attaching a detailed schedule of payments under the Payment Demand and the respective due date of each payment.

[2] Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations", which in turn relies on the definition of Primary Obligations. The connection between a Primary Obligations and an "investment interest" is therefore crucial. Blakes is considering how to more precisely connect these concepts.

of the related Approved Obligation, net of any such taxes, charges, fees, levies, duties or withholdings.

2.03 Absence of Set-off

The Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture as if it were an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Protection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation. Upon a payment having been made by or on behalf of the Province into the Protection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable under the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[3].

[3] Consider how Beneficiary rights under Obligations Secured will be amended under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a corresponding provision should appear in the Trust Indenture and each other contract under which the Obligation Secured arises, to the effect that the Beneficiaries will be deemed to be bound by the agreement of the Indenture Trustee under this Agreement. Please see our addition

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety. **[NTD: Further consideration required as to whether there should be a waiver of any other equitable defences.]**

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

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in Section 9.08. The Specified Creditors already make the necessary acknowledgement in Article 5 of the Trust Indenture. Isn't this also addressed in section 1.03 above?

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations and termination of the Trust Indenture, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) **[NTD: already covered in process certificate in section 3.01 of the Process Agreement]**

(c) **[NTD: already covered under Process Agreement.]**

(d) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided in OPG's capacity as FSM) and addressed to the Indenture Trustee, one Business Day prior to the earlier of (i) one Business Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), confirming that the FSM has delivered to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement; and

(e) **[NTD: This is more properly dealt with in Section 8.02 of this Agreement.]**.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation:

i. to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or

ii. **[as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI,] [NTD: This requires further discussion depending on the terms of the assignment and assumption agreement. If the Obligations Secured are assigned and assumed by the Province under Article VI, how would the Province be subrogated and entitled to the Beneficiary's rights and interests under the Approved Obligation? Consider limiting the application of this section 5.01 to the Limited Guarantee.]**

the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. Subject to Section 5.01(b), the Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture) under such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. Subject to Section 5.01(b), the Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including, if applicable, as a Noteholder) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) the Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province will be a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]**, (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to

further assure the priority arrangements provided for in **[Article VI and Sections 7.04 and 8.13 of the Trust Indenture]**, (iii) appoints the Indenture Trustee as its agent for any and all such purposes, and (iv) confirms that the Indenture Trustee shall send notices to the Province in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Voting Rights under "Outstanding Notes"

[Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[4]:

(a) **Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and**

(b) **in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.] [NTD: To be discussed. Giving these voting rights to the Province may affect the marketability of the debt under this program.]**

5.04 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a

[4] This concept needs to be reflected in the Trust Indenture. This requires further discussion (see NTD above).

Finance Amount.[5] **[NTD: Discussion required as to how these repayments will be dealt with under the MTI, and in particular, under the waterfall provisions.]**

5.05 Representations and Warranties

The Province hereby represents and warrants that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any applicable law;

(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations hereunder; and

(d) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[6]

[5] General Regulation to be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE.

[6] Further details regarding obtaining of third party consents and rating agency approvals to be considered.

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead be primary obligor under the Obligations Secured. **[NTD: Need to move Article VI of the Change of Law Process Agreement into this Article VI and amend accordingly. Also, we will need to attach the form of Assumption Agreement as an Exhibit to this Agreement that will be used for the assignment and assumption of all Obligations Secured. Contrary to the statement in Section 6.02(f) of the Change of Law Protection Agreement, there will not be a separate form of Assumption Agreement for each Obligation Secured.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution,

delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

[Note: Any right to such matters will be the general rights of Specified Creditors as set out in the Trust Indenture.]

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**"):

(a) shall be provided by the Province to the Indenture Trustee promptly following the occurrence of a Program Breach; and

(b) may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), this Change of Law Protection Agreement shall not apply in respect of any new Primary Obligation following the date of such Suspension Notice. **[NTD: Deletion of "or additional" is address the situation where a then current Primary Obligation requires an additional Primary Obligation in accordance with its terms of the MTI.]**

8.03 Termination Notice

On the occurrence of a Suspension Event, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**"). Upon the delivery of such Termination Notice, the Province shall assume the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI **[NTD: If the Province terminates the program, it must assume the obligations of the Financing Entity.]**

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations

in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with this Agreement.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the **[later]** of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and the Trust Indenture has been terminated;

(b) **[subject to Section 8.04,] [NTD: Should this clause subject to section 8.04?]** following receipt of a Termination Notice from the Province by the Indenture Trustee, the FSM and the Financing Entity, the Assumption Effective Date being the date that the Province has assumed the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI; and

(c) **[subject to Section 8.04,] [NTD: Should this clause subject to section 8.04?]** following receipt of an Assumption Notice from the Province by the Indenture Trustee, the Assumption Effective Date being the date that the Province has assumed the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement and all such Persons who are Beneficiaries derive their rights exclusively through the Indenture Trustee and such rights are subject to the provisions applicable to Specified Creditors in the Trust Indenture. **[NTD: Consider merging this section 9.08 with section 1.03.]**

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:

By: _____
Name:
Title:

FAIR HYDRO TRUST, BY ITS MANAGER, ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[7] in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" has the meaning ascribed thereto in the Process Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

[7] Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.

these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured that is a Funding Obligation or otherwise constitutes a Finance Amount.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and the FSM.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means **[an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture] or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.] [NTD: To be discussed.]**

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, **[NTD: Further discussion required as to whether the Province controls the OEB for purposes of a Protection Event.]**

in each case, that adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction (i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (ii) issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

~~**[FINANCING ENTITY TRUSTEE] IN ITS CAPACITY AS TRUSTEE OF THE [FINANCING ENTITY]**~~

FAIR HYDRO TRUST, BY ITS MANAGER, ONTARIO POWER GENERATION INC.

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

~~**[NAME OF INDENTURE TRUSTEE]**~~**BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE**

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), ~~**[FINANCING ENTITY TRUSTEE]***~~Ontario Power Generation Inc.*, as the ~~Financing Entity Trustee~~Manager and in its capacity as ~~trustee of the **[FINANCING ENTITY]**~~Manager of Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc. in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and ~~**[INDENTURE TRUSTEE]**~~BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee and in its capacity as trustee for the Beneficiaries in accordance with the Trust Indenture, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the ~~FSM established the~~ Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The ~~trustee~~FSM, as agent of the ~~Financing Entity in its capacity as~~ Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

~~OPG~~The FSM and the Province will concurrently enter into the Process Agreement, under which ~~OPG~~the FSM will agree to perform certain related activities and to provide certain

assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, ~~the Financing Entity Trustee,~~ the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor, except in each case as referenced in the definition of Protection Event;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same

may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

~~1.02 Trustee to act in accordance with the Trust Indenture~~

~~Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.~~

1.02 ~~1.03~~ Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.03 ~~1.04~~ Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture. ~~No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.~~

1.04 ~~1.05~~ Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other ~~agreement~~Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province upon performance by the Province of the Primary Obligation. To the extent of any conflict between this Agreement and the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail.

1.05 ~~1.06~~ Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.06 ~~1.07~~ Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.07 ~~1.08~~ Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.08 ~~1.09~~ Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.09 ~~1.10~~ Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.10 ~~1.11~~ Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.11 ~~1.12~~ Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.12 ~~1.13~~ Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.13 ~~1.14~~ Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.14 ~~1.15~~ Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.15 ~~1.16~~ Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such

yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.16 ~~1.17~~ Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.17 ~~1.18~~ References to Acts of the Financing Entity ~~Trustee~~

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity ~~or the Financing Entity Trustee, as trustee of the Financing Entity,~~ is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to ~~(i)~~ the Financing Entity ~~or (ii) the Financing Entity Trustee~~, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the FSM as agent for the Financing Entity Trustee (in its capacity as trustee of the Financing Entity~~,~~). **[NTD: Discuss whether the Financing Entity Trustee should be a party to this Agreement and references to the Financing Entity Trustee re-inserted into this section and others.]**

1.18 ~~1.19~~ Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or

so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the ~~Financing Entity~~Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the Approved Obligations owing from time to time by the Financing Entity to the Indenture Trustee as and when they become due and payable~~, without Acceleration~~[1]. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation ~~(without Acceleration)~~ in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts owing by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[2], in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, ~~as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation,~~ in each case by the Province depositing or causing the deposit of the applicable payment amount into the ~~Collection~~Protection Account 5 Business Days prior to the fifteen day of each calendar month (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation~~, including (i) any amounts that are or become payable as a~~

[1] Consider mechanics for notifying the Province regarding the specific amounts payable and their due dates. Consider attaching a detailed schedule of payments under the Payment Demand and the respective due date of each payment.

[2] Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations", which in turn relies on the definition of Primary Obligations. The connection between a Primary Obligations and an "investment interest" is therefore crucial. Blakes is considering how to more precisely connect these concepts.

result of the exercise of an option of the Financing Entity following a Protection Event, and (ii) amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account or a Supplemental Reserve Account.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

2.02 Gross-up

[All amounts payable by the Province under this Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Province is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Province shall deposit into the CollectionProtection Account such additional amount as is necessary to ensure that the Indenture Trustee receives (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise due and payable in respect of the related Approved Obligation, net of any such taxes, charges, fees, levies, duties or withholdings.][3]

2.03 Absence of Set-off

The Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into CollectionProtection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited

[3] Under consideration.

thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture as if it were an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the ~~Collection~~Protection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation.[4] Upon a payment having been made by or on behalf of the Province into the ~~Collection~~Protection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable under the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid~~5~~3.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

[4] ~~This will need to operate in tandem with the Trust Indenture waterfall. The idea is that the Approved Obligations may not necessarily follow the sequence of the "payment waterfall" included in the Trust Indenture, and so amounts from the Province would need to operate independently.~~

~~5~~3 Consider how Beneficiary rights under Obligations Secured will be amended under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a corresponding provision should appear in the Trust Indenture and each other contract under which the Obligation Secured arises, to the effect that the Beneficiaries will be deemed to be bound by the agreement of the Indenture Trustee under this Agreement. Please see our addition in Section 9.08. The Specified Creditors already make the necessary acknowledgement in Article 5 of the Trust Indenture. Isn't this also addressed in section 1.03 above?

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety. **[NTD: Further consideration required as to whether there should be a waiver of any other equitable defences.]**

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations and termination of the Trust Indenture, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03~~)~~.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements ~~and this Agreement~~, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine~~,provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained~~.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if ~~(a)~~ the Adherence Conditions applicable thereto have been satisfied~~; or (b) the Province has specifically approved in writing the particular terms, conditions and documentation for the Primary Obligation~~.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments[6] under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not exceed the Protection Agreement Maximum;**[NTD: already covered in process certificate in section 3.01 of the Process Agreement]**

(c) the FSM delivers a notice to the Indenture Trustee, with a copy to the Province, one Business Day prior to the incurrence or any amendment of the Primary Obligation, setting out the Protection Agreement Maximum;**[NTD: already covered under Process Agreement.]**

(d) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided in OPG's capacity as FSM) and addressed to the Province and the Indenture Trustee, one Business Day prior to the earlier of (i) one Business Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to the Primary Obligation:

i. confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation (if any), together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not and will not exceed the Protection Agreement Maximum; andii. confirmation that confirming that the FSM has delivered to the Province a certificateProcess Certificate in accordance with Section **[3.01]** of the Process Agreement confirming, among other things, that the transaction documents in respect of the Primary Obligation are in substantially the form of the documentation reviewed by the Province; and

(e) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms**[NTD: This is more properly dealt with in Section 8.02 of this Agreement.]**.

[6] Use of the concept of "repayments" under the OFHPA for this purpose is under consideration.

4.03 Evidence of Satisfaction

A closing certificate ~~signed by at least two executive officers of OPG~~delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
~~RIGHTS OF THE~~ PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation:

i. ~~(a)~~ to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or

ii. ~~(b)~~ **[as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI,] [NTD: This requires further discussion depending on the terms of the assignment and assumption agreement. If the Obligations Secured are assigned and assumed by the Province under Article VI, how would the Province be subrogated and entitled to the Beneficiary's rights and interests under the Approved Obligation? Consider limiting the application of this section 5.01 to the Limited Guarantee.]**

the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. ~~The~~Subject to Section 5.01(b), the Province shall have and be entitled to enforce all rights and interests (including as a ~~secured party~~Specified Creditor under the Trust Indenture) under such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. ~~The~~Subject to Section 5.01(b), the Indenture Trustee shall recognize the Province as being entitled to all

of the rights, interests and entitlements of the Beneficiary (including, if applicable, as a Noteholder) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) the Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province will be a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]**, (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in **[Article VI and Sections 7.04 and 8.13 of the Trust Indenture]**, (iii) appoints the Indenture Trustee as its agent for any and all such purposes, and (iv) confirms that the Indenture Trustee shall send notices to the Province in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Voting Rights under "Outstanding Notes"

[Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[74]:

(a) **Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and**

(b) **in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken**

[74] This concept needs to be reflected in the Trust Indenture. This requires further discussion (see NTD above).

any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.] [NTD: To be discussed. Giving these voting rights to the Province may affect the marketability of the debt under this program.]

5.04 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[85] **[NTD: Discussion required as to how these repayments will be dealt with under the MTI, and in particular, under the waterfall provisions.]**

5.05 Representations and Warranties

The Province hereby represents and warrants that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any applicable law;

(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations hereunder; and

(d) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms.

[85] General Regulation to be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[96]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead be primary obligor under the Obligations Secured. **[NTD: Need to move Article VI of the Change of Law Process Agreement into this Article VI and amend accordingly. Also, we will need to attach the form of Assumption Agreement as an Exhibit to this Agreement that will be used for the assignment and assumption of all Obligations Secured. Contrary to the statement in Section 6.02(f) of the Change of Law Protection Agreement, there will not be a separate form of Assumption Agreement for each Obligation Secured.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity

[96] Further details regarding obtaining of third party consents and rating agency approvals to be considered.

Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

~~7.04 Release of all Collateral~~

~~(a) The Indenture Trustee shall not execute instruments to release Collateral from the Security Interest of the Trust Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, unless and until the rights and interests of the Province under Section 5.01 or otherwise as an assignee of any of the Obligations Secured or as a subrogee have been satisfied in full and the Province has no continuing obligations under this Agreement.~~

~~(b) The Province shall be entitled to receive at least 10 Business Days' written notice when the Indenture Trustee proposes to take any action pursuant to Subsection 7.04(a), accompanied by copies of any instruments involved.~~

~~7.05 Right to Notice and Attend Meetings~~

~~The Financing Entity shall ensure that the Province receives advance notice of any meeting or proposed written resolution of Specified Creditors (or any of them) and the Province and its legal advisers shall be permitted to attend and be represented at any meeting of such Specified Creditors.~~

[Note: Any right to such matters will be the general rights of Specified Creditors as set out in the Trust Indenture.]

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**"):

(a) shall be provided by ~~the FSM or~~ the Province to the Indenture Trustee promptly following the occurrence of a Program Breach; and

(b) may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), ~~the Financing Entity shall not incur any new or additional Obligation Secured and shall not amend or terminate any existing Obligation Secured except with the prior written consent of the Province.~~this Change of Law Protection Agreement shall not apply in respect of any new Primary Obligation following the date of such Suspension Notice. **[NTD: Deletion of "or additional" is address the situation where a then current Primary Obligation requires an additional Primary Obligation in accordance with its terms of the MTI.]**

8.03 Termination Notice

On the occurrence of a Suspension Event, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**"). Upon the delivery of such Termination Notice, the Province shall assume the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI **[NTD: If the Province terminates the program, it must assume the obligations of the Financing Entity.]**

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish

the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with this Agreement.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the **[later]** of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and the Trust Indenture has been terminated;

(b) **[subject to Section 8.04,] [NTD: Should this clause subject to section 8.04?]** following receipt of a Termination Notice from the Province by the Indenture Trustee, the FSM and the Financing Entity, the Assumption Effective Date being the date that the Province has assumed the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI; and

(c) ~~(b) the date that a Termination Notice is received~~**[subject to Section 8.04,] [NTD: Should this clause subject to section 8.04?]** following receipt of an Assumption Notice from the Province by the Indenture Trustee, the ~~FSM and~~Assumption Effective Date being the date that the Province has assumed the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

~~[Financing Entity]~~

~~c/o~~ *~~Ontario Power Generation Inc.~~*

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

~~[Financing Entity Trustee]~~Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for ~~[Financing Entity]~~
~~[Address]~~Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 ~~Force Majeure~~Intentionally Deleted

~~In no event shall the Indenture Trustee or the Financing Entity Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Financing Entity Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.~~

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement and all such Persons who are Beneficiaries derive their rights exclusively through the Indenture Trustee and such rights are subject to the provisions applicable to Specified Creditors in the Trust Indenture. **[NTD: Consider merging this section 9.08 with section 1.03.]**

9.09 ~~9.08~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:
By: _____
Name:
Title:

~~**[FINANCING ENTITY TRUSTEE], IN**~~**FAIR HYDRO TRUST, BY ITS** ~~**CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]**~~**MANAGER, ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

~~**[INDENTURE TRUSTEE]**~~**BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL**

CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[10]7 in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

~~["**Administrative Agent**" means OPG, in its capacity as administrative agent of the Financing Entity under the Administrative Services Agreement.]~~

~~["**Administrative Services Agreement**" means the administrative services agreement dated [■], 2017 between the Financing Entity and the Administrative Agent concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Financing Entity.]~~[11]

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" ~~means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of OPG under the Process Agreement; or (b) any representation or warranty made by OPG, any certification made by OPG under the Process Agreement, or any certification made by OPG in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM, the Administrative Agent or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM, the Administrative Agent or the Manager~~ has the meaning ascribed thereto in the Process Agreement.

[10]7 Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.

[11] ~~Note: To be confirmed if required.~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~"~~**Collection Account**~~" ~~has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "~~I~~investment ~~I~~interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

~~[~~"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.~~]~~

~~[~~"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.~~]~~[12]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO~~, and acknowledged and accepted by the Indenture Trustee~~.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

[12] ~~Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.~~

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured that is a Funding Obligation~~, other than (a) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; and (b) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account~~ or otherwise constitutes a Finance Amount.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and ~~OPG~~the FSM.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture~~ as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Program Breach**" means **[an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture] or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.] [NTD: To be discussed.]**

"**Protection ~~Agreement Maximum"~~ ~~means the dollar amount determined by the Province and of which OPG is provided notice in accordance with the Process Agreement.~~Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, **[NTD: Further discussion required as to whether the Province controls the OEB for purposes of a Protection Event.]**

in each case, that ~~materially and~~ adversely affects (a) the ability of the Financing Entity to receive amounts ~~on~~in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction (i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that ~~materially and~~ adversely affects the ability of the Financing Entity~~'s receipt of~~ to receive amounts in respect of its Investment Interest ~~and~~so that it can pay Obligations Secured, or (ii) issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

~~"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager for the Financing Entity in accordance with the Act, is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[1]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, the FSM provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to the FSM that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations the FSM has agreed to perform and assurances the FSM has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the FSM, and of the Province in accordance with the Act, have been done.

[1] Note: This draft only addresses the first Financing Entity. If additional financing entities are established, revisions to this Agreement may be made at that time, in context. Any additional financing entities contemplated should be as contemplated in the Financing Plan.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor, except in each case as referenced in the definition of Protection Event;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the FSM, as agent of the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.01 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF THE FSM

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, the FSM shall deliver to the Province a copy of the initial Financing Plan. Thereafter, the FSM shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, the FSM shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, the FSM shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) Promptly upon request, the FSM shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) The FSM shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; or

(B) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) The FSM shall use commercially reasonable efforts:

(i) to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto; and

(ii) to, after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail. For clarity, OPG's obligations under this Agreement are solely in its capacity as the FSM.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

The FSM shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of the FSM (or their respective designees, provided that such designees are also executive officers of the FSM) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation, and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and

coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments shall not include any payments or outstanding amounts due or becoming dues in the future in respect of any Primary Obligations arising under or in connection with a Derivative Agreement.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the certificate referred to in Subsection 4.02(d) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to the FSM; and

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to the FSM.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that would be adverse to the Issuer, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) [Not less than [■] Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum which shall be based on the Initial Forecast.

(b) Not more than [■] Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province shall confirm its agreement with the initial Protection Agreement Maximum or if the Province does not agree with the determination of the initial Protection Agreement Maximum, which disagreement may only be on the basis that the Initial Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will discuss and address any inaccuracies in the Financing Plan to the reasonable satisfaction of both parties, and the initial Protection Agreement Maximum will be revised accordingly.]

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum based on such Forecast.

(d) Not more than [■] Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province shall confirm its agreement with the revised Protection Agreement Maximum or if the Province does not agree with the determination of the revised Protection Agreement Maximum, which disagreement may only be on the basis that the further Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will discuss and address any inaccuracies in the Financing Plan to the reasonable satisfaction of both parties, and the revised Protection Agreement Maximum will be revised accordingly.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of the FSM

The FSM represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, shall use commercially reasonable efforts

to cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation of the Financing Entity enforceable against the Financing Entity in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(d) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(e) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement does not and will not result in a violation of any applicable law;

(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations hereunder; and

(d) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms.

ARTICLE VI
ELECTION TO ASSUME APPROVED OBLIGATIONS[2]

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to the FSM a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to the FSM (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to the FSM, the FSM shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be

[2] Note to Province/Blakes: Article 6 to be moved and merged with Article 6 of the Change of Law Protection Agreement with appropriate revisions. It is more appropriate in that agreement. See also the comments in Article 6 of the Change of Law Protection Agreement.

considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) the form of Assumption Agreement in respect of the assignment and assumption of all Obligations Secured is attached as Exhibit E to the Change of Law Protection Agreement.[3]

6.03 Settlement of Terms

Within 20 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

6.04 Cooperation to Implement the Assignment and Assumption

The FSM shall cooperate with the Province and will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.[4]

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, the FSM will use commercially reasonable efforts to cause the Financing Entity to, use commercially reasonably efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any

[3] Note to Province: A form of global Assumption Agreement for all Obligations Secured is required. It is impractical to have an assumption agreement for each type of Obligation Secured.

[4] Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.

acceleration of future fees, profits or other like amounts; provided that, this Section 6.05 shall not apply to any Obligations Secured under a Derivative Agreement.[5]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of the FSM under this Agreement which continues for sixty (60) days after written notice by the Province to the FSM of such default or breach;

(b) any representation or warranty made by the FSM in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within sixty (60) days after written notice by the Province to the FSM of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager. **[NTD: The FSM is a statutory role and OPG can only be removed as FSM by the Province.]**

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to the FSM, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

[5] Note: The Trust Indenture will need to include a clause providing that the obligations of the Financing Entity to the Indenture Trustee and the Noteholders may be assigned to the Province in accordance with an assumption agreement, substantially in the form set out in an exhibit to the Trust Indenture. **[NTD: The form of Assumption Agreement shall be an exhibit to the Change of Law Protection Agreement (consistent with our comment to move Article 6 here to the Change of Law Protection Agreement). We will add the following to the MTI to otherwise address your comment: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured pursuant to Sections 5.01(f) and 5.03(b) of the MTI, and (ii) we will add language in section 11.01 of the MTI that allows the Indenture Trustee to enter into the global Assumption Agreement without the consent of Specified Creditors.]**

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Intentionally Deleted[6]

8.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

[6] To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province. **[NTD: The existence and details of this Agreement and the Change of Law Protection Agreement cannot be confidential. It will need to be disclosed to the Rating Agencies and to potential investors.]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC., SOLELY AS FINANCIAL SERVICES MANAGER TO THE FINANCING ENTITY

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

FAIR HYDRO TRUST, BY ITS MANAGER, ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture)

governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager for the Financing Entity in accordance with the Act, is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, ~~the FSM established~~ the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[1]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, ~~OPG~~the FSM provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to ~~OPG~~the FSM that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations ~~OPG~~the FSM has agreed to perform and assurances ~~OPG~~the FSM has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of ~~OPG~~the FSM, and of the Province in accordance with the Act, have been done.

[1] Note: This draft only addresses the first Financing Entity. If additional financing entities are established, revisions to this Agreement may be made at that time, in context. Any additional financing entities contemplated should be as contemplated in the Financing Plan.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor, except in each case as referenced in the definition of Protection Event;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity ~~or the Financing Entity Trustee~~

For greater certainty, each reference to the Financing Entity ~~or to the Financing Entity Trustee~~ shall be construed as a reference to the FSM, as agent of the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.01 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF ~~OPG~~THE FSM

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, ~~OPG~~the FSM shall deliver to the Province a copy of the initial Financing Plan. Thereafter, ~~OPG~~the FSM shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

~~(b) Unless the Financing Entity is subject to the PILs Regime, not less than 15 Business Days prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province an analysis and assessment of the tax position of the Financing Entity. In addition, OPG shall promptly deliver written notice to the Province of any change in the Financing Entity's eligibility status under the PILs Regime and an analysis and assessment of any material change in the tax position of the Financing Entity.~~

(b) ~~(c)~~ Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, ~~OPG~~the FSM shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional ~~of~~or replacement Transaction Document.

(c) ~~(d)~~ Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, ~~OPG~~the FSM shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) ~~(e)~~ Promptly upon request, ~~OPG~~the FSM shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

~~(f) OPG shall, as the FSM, cause the Financing Entity to deliver to the Province copies of the Financing Entity's annual tax returns (if any) and any related tax assessments not more than 10 Business Days after such a tax return or tax assessment is required to be filed under applicable law.[2]~~

~~[2] Note: The tax documents to be provided to the Province are under consideration.~~

2.02 Covenants

(a) ~~OPG~~The FSM shall~~, as the FSM,~~ use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not~~, without the prior written consent of the Province~~:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; or

~~(B) consent to the resignation of (1) the Administrative Agent under the Administrative Services Agreement; or (2) the Manager under the Management Agreement;~~

~~(C) consolidate or merge with or into any other Person;~~

(B) ~~(D)~~ permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired~~;~~

~~(E) permit any Lien (other than the Security Interest) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;~~

~~(F) sell, transfer, exchange or otherwise dispose of any of the Collateral, other than as expressly permitted by the Trust Indenture;~~

~~(G) release any security or guarantee in respect of the Collateral other than as expressly permitted by the Trust Indenture; or(H) voluntarily dissolve or liquidate~~.

(b) ~~OPG~~The FSM shall use commercially reasonable efforts:

(i) ~~comply, and as the FSM~~to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;, and

~~(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation;~~

(ii) ~~(iii)~~ to, after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under ~~this~~*the Change of Law Protection* Agreement would be accelerated~~, delayed or otherwise affected; and~~.

~~(iv) ensure that any disclosure (including any Disclosure Document, press release or other written communication intended for dissemination to third parties) that refers to or describes the terms, effect or adherence of or to this Agreement or *the Change of Law Protection* Agreement will be subject to the prior review of the Province and such disclosure will not be made (and any such Disclosure Document shall not be used and any such press release or other written communication shall not be issued) without the prior written consent of the Province, in each case unless such disclosure is substantially the same as a disclosure previously made and for which the Province had previously provided its written consent under this Subsection 2.02(b)(iv).~~

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail. For clarity, OPG's obligations under this Agreement are solely in its capacity as the FSM.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

~~OPG~~The FSM shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of ~~OPG~~the FSM (or their respective designees, provided that such designees are also executive officers of ~~OPG~~the FSM) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation,

and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment ~~and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the Primary Obligation~~, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments shall not include any payments or outstanding amounts due or becoming dues in the future in respect of any* Primary Obligations arising *under or in connection with a Derivative Agreement.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the certificate referred to in Subsection 4.02(d~~)(ii~~) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to ~~OPG~~the FSM; and

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(~~c~~b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to ~~OPG~~the FSM.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that would be adverse to the Issuer, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation;~~(b) with respect to the Reviewed Documentation referred to in clauses (v) to (ix) of the definition of "Transaction Documents", and, where applicable, clauses (x) and (xi) of the definition of "Transaction Documents" as the context requires, that the~~ provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are ~~as~~ reasonably contemplated in the Reviewed Documentation, ~~as to the type, scope and extent of the~~* ~~Primary Obligations arising~~ *~~thereunder and as to the timing, conditions and circumstances in which payment obligations under such Primary Obligations may arise, but without regard to~~including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) ~~(c)~~ with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document

complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

~~(a) The initial Protection Agreement Maximum shall be determined by the Province prior to the initial issuance of the first Funding Obligation. The initial Protection Agreement Maximum will be confirmed by the Province by notice in writing to OPG, as the FSM.~~

(a) ~~(b)~~ [Not less than [■] Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the ~~applicable~~ Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum which shall be based on the Initial Forecast. ~~In determining~~

(b) Not more than [■] Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum~~, the Province may have regard to (but not be bound by) the Initial Forecast.~~ from OPG pursuant to Section 4.01(a), the Province shall confirm its agreement with the initial Protection Agreement Maximum or if the Province does not agree with the determination of the initial Protection Agreement Maximum, which disagreement may only be on the basis that the Initial Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will discuss and address any inaccuracies in the Financing Plan to the reasonable satisfaction of both parties, and the initial Protection Agreement Maximum will be revised accordingly.]

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum based on such Forecast.

(d) ~~Upon receiving an updated Forecast, the Province shall determine whether or not the Protection Agreement Maximum will be revised. In determining whether the Protection Agreement Maximum will be revised, the Province may have regard to (but not be bound by) such updated Forecast. Any determination by the Province to revise the Protection Agreement Maximum will be confirmed by setting out a new Protection Agreement Maximum in a written notice from the Province to the FSM and the Indenture Trustee, the delivery of which will be conclusive evidence that such new Protection Agreement Maximum will apply until it may be further so revised.~~Not more than [■] Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province shall confirm its agreement with the revised Protection Agreement Maximum or if the Province does not agree with the determination of the revised Protection Agreement Maximum, which disagreement may only be on the basis that the further Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will discuss and address any inaccuracies in the Financing Plan to the reasonable satisfaction of both parties, and the revised Protection Agreement Maximum will be revised accordingly.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of ~~OPG~~the FSM

~~OPG~~The FSM represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, shall use commercially reasonable efforts to cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario~~, is duly qualified to carry on its business in each jurisdiction in which it carries on business,~~ and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto~~ and to own its property and carry on its business as currently conducted.(c) OPG has been validly appointed, and has irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto~~.

(c) ~~(d)~~ The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM

has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation of ~~OPG~~the Financing Entity enforceable against ~~OPG~~the Financing Entity in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(d) ~~(e)~~ There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting ~~OPG (including in its capacity as the FSM) or~~ the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of ~~OPG or the Financing Entity or in the ability of OPG or the Financing Entity to perform their respective obligations under the Program Agreements.(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG~~the Financing Entity or in the ability of the Financing Entity to perform its obligations under ~~this Agreement or any~~the Program Agreements.

(e) ~~(g)~~ The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

~~(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.~~

~~(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or~~

any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement does not and will not result in a violation of any applicable law;

(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations hereunder; and

(d) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms.

ARTICLE VI
ELECTION TO ASSUME APPROVED OBLIGATIONS[2]

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) to elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to OPGthe FSM a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to OPGthe FSM (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to OPGthe FSM, OPGthe FSM shall provide the following information and documentation to the Province:

[2] Note to Province/Blakes: Article 6 to be moved and merged with Article 6 of the Change of Law Protection Agreement with appropriate revisions. It is more appropriate in that agreement. See also the comments in Article 6 of the Change of Law Protection Agreement.

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) ~~a draft version of~~ the form of Assumption Agreement ~~prepared in relation to each Obligation Secured, prepared in accordance with and having regard to the requirements of the relevant agreement(s) under which the Obligation Secured arises.~~ in respect of the assignment and assumption of all Obligations Secured is attached as Exhibit E to the Change of Law Protection Agreement.[3]

6.03 Settlement of Terms

Within 20 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

[3] Note to Province: A form of global Assumption Agreement for all Obligations Secured is required. It is impractical to have an assumption agreement for each type of Obligation Secured.

6.04 Cooperation to Implement the Assignment and Assumption

~~OPG~~The FSM shall cooperate with the Province and~~, as FSM,~~ will use commercially reasonable efforts to cause the Financing Entity to cooperate, and ~~each~~ shall use its ~~best~~commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.[3][4]

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, ~~OPG will, and as~~the FSM~~,~~ will use commercially reasonable efforts to cause the Financing Entity to, use commercially reasonably efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity~~,~~ permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts~~.~~[4]; provided that, this Section 6.05 shall not apply to any Obligations Secured under a Derivative Agreement.[5]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of ~~OPG~~the FSM under this Agreement ~~(including in respect of its role as FSM under any Program Agreement)~~which continues for sixty (60) days after written notice by the Province to the FSM of such default or breach;

(b) any representation or warranty made by ~~OPG~~the FSM in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured

[3][4] Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.

[4][5] Note: The Trust Indenture will need to include a clause providing that the obligations of the Financing Entity to the Indenture Trustee and the Noteholders may be assigned to the Province in accordance with an assumption agreement, substantially in the form set out in an exhibit to the Trust Indenture. **[NTD: The form of Assumption Agreement shall be an exhibit to the Change of Law Protection Agreement (consistent with our comment to move Article 6 here to the Change of Law Protection Agreement). We will add the following to the MTI to otherwise address your comment: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured pursuant to Sections 5.01(f) and 5.03(b) of the MTI, and (ii) we will add language in section 11.01 of the MTI that allows the Indenture Trustee to enter into the global Assumption Agreement without the consent of Specified Creditors.]**

within sixty (60) days after written notice by the Province to the FSM of such misrepresentation; or

(c) OPG is no longer the ~~FSM, the Administrative Agent or the~~ Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as ~~the FSM, the Administrative Agent or~~ the Manager. **[NTD: The FSM is a statutory role and OPG can only be removed as FSM by the Province.]**

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to ~~OPG~~the FSM, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to ~~OPG~~the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]

Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~Confidentiality~~[5] Intentionally Deleted[6]

[5][6] To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province. **[NTD: The existence and details of this Agreement and the Change of Law Protection Agreement cannot be confidential. It will need to be disclosed to the Rating Agencies and to potential investors.]**

8.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC., SOLELY AS FINANCIAL SERVICES MANAGER TO THE FINANCING ENTITY

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

~~[FINANCING ENTITY TRUSTEE], IN~~FAIR HYDRO TRUST, BY ITS ~~CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]~~MANAGER, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

~~[INDENTURE TRUSTEE]~~BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~["**Administrative Agent**" has the meaning ascribed thereto in the Change of Law Protection Agreement.]~~

~~["**Administrative Services Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.][6]~~

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity~~, the FSM~~ and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction,

[6] ~~Note: To be confirmed if required.~~

collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means [■]Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(~~b~~a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(~~b~~a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

~~"**Lien**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~[~~"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~]~~

~~[~~"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~]~~[7]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO~~, and acknowledged and accepted by the Indenture Trustee~~.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

~~"**PILs Regime**" means the Payment in Lieu of Taxes regime contemplated under the *Electricity Act* (Ontario).~~

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

~~[7]Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.~~

"**Protection Agreement Maximum**" means the dollar amount ~~determined by the Province and of which OPG is provided written notice~~referenced as the Program Agreement Maximum in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed ~~thereto~~to the term "repayment" in the General Regulation. ~~"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture~~ as of the date of this Agreement ~~or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement~~, the Administrative Services Agreement~~ and the Management Agreement; (iii) the Master Transfer and Servicing Agreement ~~between the Financing Entity and the IESO~~; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any

other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

~~**(form of Assumption Agreement to be attached, once settled)**~~

From:	Ronald Kwan on behalf of Anna Strathy
To:	John Kim; Ronald Kwan; James Devine; Mike Manning; Carlos Yep; Ken Kandeepan; Gadi Mayman; Hresa Gavaris
Subject:	Fw: Internal review of OPG comments on Provincial Protection Agreement

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From: Anna Strathy
Sent: November 8, 2017 2:44 PM
To: Anna Strathy; Ronald Kwan; James Devine; Mike Manning; Carlos Yep; Ken Kandeepan; Gadi Mayman; Hresa Gavaris
Subject: Internal review of OPG comments on Provincial Protection Agreement
When: November 9, 2017 11:00 AM-12:00 PM.
Where: Boardroom Exec or Teleconference | Tel 416-406-5763 Passcode 9763326#

Tel 416-406-5763 or 1-866-586-5280
Passcode 9763326#
Carlos to moderate

From: Hanslep, Malle (MOF)
To: Gadi Mayman; Mike Manning; Ken Kandeepan; Anna Strathy; Ronald Kwan
Cc: Tobias P. Whitfield (MOF); Michael Waterston (MOF)
Subject: Fw: UPDATED - Fair Hydro -- Change of Law Agreements
Date: Friday, November 24, 2017 4:35:03 PM

Fyi

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Sent: Friday, November 24, 2017 16:32
To: Mansoori, Nina; Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett; Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Nina

I'm not sure that this timeframe is doable as we have to review and consult with clients before having this call . I think Tuesday is probably more reasonable to give us time to review the draft that we received late this afternoon coming out of comments at a meeting last Tuesday evening

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Mansoori, Nina
Sent: Friday, November 24, 2017 15:58
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Provincial legal/Blakes/Oslers teams,

As a follow up to my email below and given the challenges with all our schedules, we thought it prudent to block off some time on Monday to discuss the revised Change of Law Agreements. I can confirm that Torys is available for a call between 9:30 am and 2 pm on Monday. Please let us know what times work for you in that window and we will circulate a dial-in.

Best Regards,
Nina

Nina Mansoori

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Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=OCejLjO3WtM9Qi53At0HL6MicZAm8dHP8Jv1h-uantw&s=ejApYt5qGbwBpiShHaoKpP-eeA-R1rWgrG5H9qP_Ch0&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=OCejLjO3WtM9Qi53At0HL6MicZAm8dHP8Jv1h-uantw&s=ejApYt5qGbwBpiShHaoKpP-eeA-R1rWgrG5H9qP_Ch0&e= >

From: Mansoori, Nina
Sent: November-24-17 2:15 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

All – apologies, my email below did not have a blackline for the Process Agreement. It is attached. Thank you.

Nina Mansoori

From: Mansoori, Nina
Sent: November-24-17 2:04 PM
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Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)

<Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you.
Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com<mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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From: Hanslep, Malle (MOF)
To: Gadi Mayman; Mike Manning; Ken Kandeepan; Ronald Kwan
Cc: "ASHBOURNE, STEPHEN"; Tobias P. Whitfield (MOF); Anna Strathy; VINER, JON; PRESTAGE, JA; Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Subject: Fw: UPDATED - Fair Hydro -- Change of Law Agreements
Date: Friday, November 24, 2017 4:30:12 PM

Hi all

Before we discuss with Oslers and Torys we will have to review these agreements and if there are issue,s that need to be discussed with clients to do that as well so don't think this timing works well for us. Also I have a number of meetings already scheduled for Monday. So it may be that Tuesday works better for us.

Of course we will be reviewing over the weekend because this is the window that they leave us but not sure we will have time for the review and client consultation we need

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Mansoori, Nina <nmansoori@torys.com>
Sent: Friday, November 24, 2017 15:58
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Provincial legal/Blakes/Oslers teams,

As a follow up to my email below and given the challenges with all our schedules, we thought it prudent to block off some time on Monday to discuss the revised Change of Law Agreements. I can confirm that Torys is available for a call between 9:30 am and 2 pm on Monday. Please let us know what times work for you in that window and we will circulate a dial-in.

Best Regards,
Nina

Nina Mansoori

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Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie - LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

All – apologies, my email below did not have a blackline for the Process Agreement. It is attached. Thank you.

Nina Mansoori

From: Mansoori, Nina
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; 'JA.PRESTAGE@blakes.com'

<JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne

Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com<mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here’s the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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From: Hanslep, Malle (MOF)
To: Gadi Mayman; Ronald Kwan; Mike Manning; Ken Kandeepan
Cc: Tobias P. Whitfield (MOF); Anna Strathy
Subject: Fw: UPDATED - Fair Hydro -- Change of Law Agreements (Rating Agency Comments)
Date: Wednesday, November 29, 2017 9:40:27 PM
Attachments: DBRS- Fair Hydro Program Change of Law Protection Agreement.msg
RA Feedback.msg

You may have received these already from John Lee but in case you haven't.

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Ramchandani, Rima <rramchandani@torys.com>
Sent: Wednesday, November 29, 2017 20:29
To: Hanslep, Malle (MOF)
Cc: Mansoori, Nina; Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; JON.VINER@blakes.com; JA.PRESTAGE@blakes.com; Milligan, Peter; Sebastiano, Rocco; Fullerton, Rick; Feldman, Michael; Saulnier, Brett; Thouin, Alena (ENERGY); McKinlay, Tom (MAG); LEE John -TREASURY; WONG Leslie -LAWDIV; Ramchandani, Rima
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements (Rating Agency Comments)

Malle, Steve and Osler Team, attached are rating agency comments on the change of law protection agreement just received from DBRS. We are reviewing these concurrently but are circulating to all parties now in the interests of time (you will see that many of the comments are simply to provide notices to the rating agencies of certain events and there are also some questions about the subrogation mechanics that Blakes/Osler/Torys will need to consider).

Malle and Steve, I expect you previously received the comments communicated to the dealers from Moodys – for ease of reference, I am attaching those comments to this email as well.

Rima

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
From: Ramchandani, Rima
Sent: November-29-17 12:12 PM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Cc: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; JON.VINER@blakes.com; JA.PRESTAGE@blakes.com; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Malle and Steve, we received a few minor comments from the indenture trustee on the Protection Agreement which are reflected in the attached blackline. We also updated the attached change of law agreements to reflect the following:

n Provide the correct cross-reference in the definition of "executive officers".

n Update the list of Initial Reference Documentation in Schedule A to the Process Agreement to remove the references to the term debt supplements, Master ISDA and OM (since the term deal is no longer closing this year, we are anticipating that those documents may not be finalized prior to execution of the change of law documents).

n A minor change to Section 3.01(e) of the Process Certificate provisions – as we were drafting the form of this certificate for OPG, we realized that the clause didn't work as drafted because it required OPG to make a forward-looking certification tied to a rolling Protection Agreement Maximum. Whenever certified primary obligations are incurred, OPG will certify that the principal payable under those certified primary obligations (together with all other principal repayments in respect of Approved Obligations as of that date) do not exceed the Protection Agreement Maximum at the time of incurrence.

Blacklines are to the versions Nina circulated on Friday. Happy to discuss if you have any questions.

Thanks,
Rima

Rima Ramchandani

P. 416.865.7666

From: Ramchandani, Rima
Sent: November-27-17 2:28 PM
To: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>
Cc: Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>; JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Saulnier, Brett <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Malle, I appreciate there may have been more blacklining than you expected, but we didn't view the changes as deviating from our business discussion last week. From our perspective, the changes were mainly clean up in nature and we tried to include explanatory footnotes to the revisions so you understood our rationale for the changes. The only point we think we need to discuss is how the assumption is intended to work given that we understand the Province is no longer requiring a right to exchange the Fair Hydro bonds with Provincial bonds — this wasn't a point we discussed in any detail in our meeting so I think we we need to just talk through how we think this would work and then address in the docs as appropriate.

We are on standby and will make ourselves available to discuss at your convenience.

Thanks,
Rima

Sent from my iPhone

On Nov 27, 2017, at 1:55 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:
Hi Rima,

Unfortunately we can't set a time yet as the review is taking longer and more client consultation will be required because there were so many revisions made that were outside the discussion of business points on Tuesday.

Malle

-----Original Message-----
From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: November 27, 2017 1:49 PM
To: Hanslep, Malle (MOF); Mansoori, Nina; Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>'; 'JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
Cc: Feldman, Michael; Saulnier, Brett; Thouin, Alena (ENERGY); McKinlay, Tom (MAG); LEE John -TREASURY; 'WONG Leslie -LAWDIV'
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Malle, just checking in to see if you think we will need to block off some time to discuss the change of law agreements tomorrow or whether you think we will be able to settle the drafts without a call? -- Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

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79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=5gP21jezzPjMSsECYmkLmQvs7IizSMy40GI8unuRH3A&s=1PDGB4EUYJcpbmghZHDwQ258If2nAGP3QPjU9JdCVMQ&e=>

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: November-24-17 4:33 PM
To: Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>' <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; 'JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>' <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>; 'Milligan, Peter' <PMilligan@osler.com<mailto:PMilligan@osler.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; 'Fullerton, Rick' <RFullerton@osler.com<mailto:RFullerton@osler.com>>
Cc: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Saulnier, Brett <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Nina

I'm not sure that this timeframe is doable as we have to review and consult with clients before having this call . I think Tuesday is probably more reasonable to give us time to review the draft that we received late this afternoon coming out of comments at a meeting last Tuesday evening

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Mansoori, Nina
Sent: Friday, November 24, 2017 15:58
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>'; 'JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Provincial legal/Blakes/Oslers teams,

As a follow up to my email below and given the challenges with all our schedules, we thought it prudent to block off some time on Monday to discuss the revised Change of Law Agreements. I can confirm that Torys is available for a call between 9:30 am and 2 pm on Monday. Please let us know what times work for you in that window and we will circulate a dial-in.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
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[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYquIJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=5gP21jezzPjMSsECYmkLmQvs7lizSMy40GI8unuRH3A&s=1PDGB4EUYJcpbmghZHDwQ258If2nAGP3QPjU9JdCVMQ&e=>

From: Mansoori, Nina
Sent: November-24-17 2:15 PM
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Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

All – apologies, my email below did not have a blackline for the Process Agreement. It is attached. Thank you.

Nina Mansoori

From: Mansoori, Nina
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com><mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>' <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com><mailto:JON.VINER@blakes.com>>; 'JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>' <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com><mailto:JA.PRESTAGE@blakes.com>>
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Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com><mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com><mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com><mailto:may.lapira@opg.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com><mailto:nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com><mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com><mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com><mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca><mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com><mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com><mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com><mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com><mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com><mailto:katrina.niehaus@gs.com>' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com><mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com><mailto:brian.delaney@gs.com>' <brian.delaney@gs.com<mailto:brian.delaney@gs.com><mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com><mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com><mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com><mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com><mailto:Donnie.Persaud@cibc.com>>
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Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner

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-----Original Appointment-----
From: bwood@torys.com<mailto:bwood@torys.com><mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com><mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>'; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>'; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com>'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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From: LEE John -TREASURY [john.s.lee@opg.com]
To: Ramchandani, Rima [rramchandani@torys.com]; Mansoori, Nina [nmansoori@torys.com]
CC: WONG Leslie -LAWDIV [leslie.wong@opg.com]; RYFA Ken -TREASURY [ken.ryfa@opg.com]; LAURETA LAPIRA May -TREASURY [may.lapira@opg.com]; LADAK Lubna -TREASURY [lubna.ladak@opg.com]
Subject: DBRS- Fair Hydro Program: Change of Law Protection Agreement
Date: Wednesday, November 29, 2017 19:45:30

See comments from DBRS

From: Tim O'Neil [mailto:toneil@dbrs.com]
Sent: Wednesday, November 29, 2017 6:42 PM
To: Taylor, Brent R ; Jamie Feehely ; King Lam ; Andrew Lin ; Tom Li ; Arthi Sambasivan
Cc: Benaiah, Ian ; Khan, Nur ; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com) ; andrew.maciel@cibc.com; sunil.adalja@cibc.com; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com) ; Delaney, Brian (Brian.Delaney@gs.com) ; RYFA Ken -TREASURY ; LEE John -TREASURY
Subject: EXTERNAL – RE: Fair Hydro Program: Change of Law Protection Agreement

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DBRS questions/comments on the draft of the CLPA received Nov 22 below:

- Will there be a legal opinion addressing the binding nature and enforceability of the Protection Agreement on its terms?
- Section 1.15: DBRS expects any material amendment or material waiver to the agreement to be subject to a RAC and prompt notice of any other amendments/waivers/consents.
- Section 2.01: Please provide DBRS prompt written notice of a Protection Event.
    - Section 2.01 (a): “Payment Date” is not defined in this Agreement. Is the reference to the Guarantee Payment Date?
    - Section 2.01 (a)(iv)(ii): Subrogated Amounts: this calculation is confusing and seems to missing the next prong “y”. Is the subrogated amount the amount that has been actually paid to the Beneficiary by the Province in relation to the amounts payable from amounts available?
    - To the extent the amounts paid by the Province into the Protection Account exceed the amounts payable to Beneficiary from amounts available – is that excess the subrogation amount or is that excess just returned to the Province?

- **As a general comment**: With respect to subrogation amounts owing to the Province - the Province seems to maintain a subrogated claim against the Financing Entity that has the same ranking as the Beneficiary obligation that has been paid by the

Province and that subrogated claim is to be paid on the same date the amounts on deposit in the Protection Account are paid to the Beneficiary (i.e. the Province's subrogated claim becomes a Specified Creditor under the Trust Indenture and potentially ranks in priority or pari passu to all other securityholders claims depending on applicable Beneficiary's obligation's respective ranking within the trust indenture waterfall). How will this subrogated claim be satisfied – from what resources? Why has the right of subrogation of the guarantor (the Province) not been postponed until after all the rated obligations have been paid in full?

- Section 4.02: Adherence Obligations:

    - With respect to Funding Obligations under a certain amount that do not need to meet the Adherence Conditions, what would those Funding Obligations consist of? Are these limited amounts still treated as Primary Obligations pursuant to which the guarantee obligation applies?

- Section 4.03: Is 4.02(b)(x) a typo? There is no "x" in 4.02(b)?
- Section 5.01 (a): As per the question above on section 2.01(a)(iv)(ii), please clarify how the Subrogation Amount is calculated (if not based on the actual amount paid by the Province in respect of amounts payable).
- Section 6.01: Why is it at the Province's election to provide the Indenture Trustee notice of the Province's election to assume the Financing Entity's Obligations Secured? Under what circumstances would the Province decide not to provide the Indenture Trustee notice of its election to assume? In any event, DBRS expects to receive prompt written notice of an election to assume and copy of any such Assumption Notice.
- Section 6.04: How long can the Interim Period be in effect during the implementation and completion of the assumption terms? Are the securityholders and Indenture Trustee stayed from accelerating and enforcing if there is an Event of Default under the rated notes during the Interim Period? Are there any other restrictions on the SPV Financing Entity and/or the securityholders during the Interim Period?
- Section 8.01: Under this section the Province may declare at any time for any reason that the guarantee shall not apply to any Obligation Secured incurred on after the date of such declaration (other than the refinancing of a previously incurred funding obligation) by delivering a "Suspension Notice" to the Indenture Trustee/OPG/SPV.

    - Please provide DBRS with prompt written notice of any such Suspension Notice.
    - Please confirm how the Suspension Notice would apply with respect to refinancing, increases or issuances up the program limits under the Warehouse Supplement. For example if a suspension notice is issued does the suspension apply to any issuance of notes for the purposes of refinancing outstanding ABCP? Or does this type of refinancing fall within the carve-out from a suspension notice, "Refinancing of a Primary Obligation" noted in this section 8.01?" Further, will issuances after the Suspension Notice but up to the program limit or already permitted increases be subject to a Suspension Notice?

- Section 8.03: Please provide DBRS with prompt written notice of any such Termination Notice.
- Section 9.03: Please provide DBRS with prompt written notice of any assignment.
- Definitions: Approved Obligation Amount (subsection (b)): Where an acceleration has occurred, how will this calculation address circumstances under which the CEA is no longer able to be charged or collected? Where amounts that would be available to be paid is compromised in some way and acceleration has occurred, could the Approved Obligation Amount be nil?

Thank you,

Tim O'Neil
Senior Vice President, CDN ABS
Global Structured Finance

https://s3.amazonaws.com/dbrs-logo/DBRSLogo_new.jpg

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From: Taylor, Brent R [mailto:brent.r.taylor@rbccm.com]
Sent: Wednesday, November 22, 2017 9:57 AM
To: Tim O'Neil <toneil@dbrs.com>; Jamie Feehely <jfeehely@dbrs.com>; King Lam <KLam@dbrs.com>; Andrew Lin <andrew.lin@dbrs.com>; Tom Li <TLi@dbrs.com>; Arthi Sambasivan <ASambasivan@dbrs.com>
Cc: Benaiah, Ian <ian.benaiah@rbccm.com>; Khan, Nur <nur.khan@rbccm.com>; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com) <Donnie.Persaud@cibc.com>; andrew.maciel@cibc.com; sunil.adalja@cibc.com; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com) <Katrina.Niehaus@gs.com>; Delaney, Brian (Brian.Delaney@gs.com) <Brian.Delaney@gs.com>; RYFA Ken -TREASURY (ken.ryfa@opg.com) <ken.ryfa@opg.com>; LEE John -TREASURY (john.s.lee@opg.com) <john.s.lee@opg.com>
Subject: Fair Hydro Program: Change of Law Protection Agreement

DBRS Team,

In connection with the Fair Hydro Program please find attached;

- Change of Law Protection Agreement

We hope you will find this document helpful in your analysis.

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: November 19, 17 2:11 PM
To: 'toneil@dbrs.com'; 'jfeehely@dbrs.com'; 'klam@dbrs.com'; 'andrew.lin@dbrs.com'; 'tli@dbrs.com'; 'asambasivan@dbrs.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Preliminary Draft Offering Memorandum

DBRS Team,

We have attached a preliminary draft of the Offering Memorandum. Typically we would not share the current form of the OM at this early stage, but we think it may help to advance your process by offering a high-level summary of the market, roles of the various participants and structure. It is worth noting that the OM is not synchronized with the most recent versions of the underlying documents.

As always, please let us know if you have any questions.

<< File: _Fair Hydro Trust - Preliminary Confidential Offering Memorandum.docx >>

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: November 16, 17 9:45 AM
To: 'toneil@dbrs.com'; 'jfeehely@dbrs.com'; 'klam@dbrs.com'; 'andrew.lin@dbrs.com'; 'tli@dbrs.com'; 'asambasivan@dbrs.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: RE: Fair Hydro Draft Agreements

DBRS Team,

In connection with the Fair Hydro Program please find attached;

- Senior Term Supplement - Nov 15

- Senior Warehouse Supplement - Nov 15

We hope you will find these documents helpful in your analysis.

<< File: Senior Warehouse Supplement - Nov 15.DOCX >> << File: Senior Term Supplement - Nov 15.DOC >>

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: November 7, 17 3:12 PM
To: 'toneil@dbrs.com'; 'jfeehely@dbrs.com'; 'klam@dbrs.com'; 'andrew.lin@dbrs.com'; 'tli@dbrs.com'; 'asambasivan@dbrs.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); 'andrew.maciel@cibc.com'; 'sunil.adalja@cibc.com'; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Draft Agreements

DBRS Team,

In connection with the Fair Hydro Program please find attached;

- Master Trust Indenture (November 7th Rating Agency Draft)

- MTSA (November 7th Rating Agency Draft)

- IESO Security Agreement (November 7th Rating Agency Draft)

We hope you will find these documents helpful in your analysis. We will organize a call tomorrow to discuss next steps.

<< File: MTSA (November 7th Rating Agency Draft).DOCX >> << File: IESO Security Agreement (November 7th Rating Agency Draft).DOCX >> << File: Master Trust Indenture (November 7th Rating Agency Draft).DOCX >>

Regards,

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: Taylor, Brent R
Sent: October 13, 17 6:18 PM
To: 'toneil@dbrs.com'; 'jfeehely@dbrs.com'; 'klam@dbrs.com'; 'andrew.lin@dbrs.com'; 'tli@dbrs.com'; 'asambasivan@dbrs.com'
Cc: Benaiah, Ian; Khan, Nur; Donnie Persaud (Donnie.Persaud@cibc.com) (Donnie.Persaud@cibc.com); andrew.maciel@cibc.com; sunil.adalja@cibc.com; Katrina Niehaus (Katrina.Niehaus@gs.com) (Katrina.Niehaus@gs.com); Delaney, Brian (Brian.Delaney@gs.com); RYFA Ken -TREASURY (ken.ryfa@opg.com); LEE John -TREASURY (john.s.lee@opg.com)
Subject: Fair Hydro Materials

DBRS Team,

Further to our kick-off meeting on October 10th, I have attached a comprehensive presentation which contains information about the Ontario Electricity Market, Transaction Overview, Key Agreements and other information that we hope you will find helpful in your understanding and analysis.

In addition I have attached drafts of the Declaration of Trust and Management Agreement. The Declaration of Trust establishes a trust for the purpose of carrying on the activities of a financing entity as defined in the Ontario Fair Hydro Act, 2017. The Management Agreement delegates to OPG all powers and duties of managing the financing entity.

Please let us know if you would like us to arrange a call to walk you through these materials and provide context. Alternatively as you are going through the materials please reach-out with any questions you have.

<< File: Fair Hydro Plan Financing Program 2017-10-13.pdf >> << File: Fair Hydro - Declaration of Trust (DRAFT).pdf >> << File: Fair Hydro - Management Agreement (DRAFT).pdf >>

Regards,

Brent R Taylor | Analyst, Securitization Finance | **RBC Capital Markets** | 200 Bay Street, 2nd Floor, Toronto, ON M5J 2W7 | T. 416-842-7284 | C. 647-632-6169 | brent.r.taylor@rbccm.com

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From: LEE John -TREASURY [john.s.lee@opg.com]
To: Ramchandani, Rima [rramchandani@torys.com]; Mansoori, Nina [nmansoori@torys.com]
CC: RYFA Ken -TREASURY [ken.ryfa@opg.com]; LADAK Lubna -TREASURY [lubna.ladak@opg.com]; WONG Leslie -LAWDIV [leslie.wong@opg.com]; Feldman, Michael [mfeldman@torys.com]
Subject: RA Feedback
Date: Monday, November 27, 2017 21:31:36

FYI

Note comments from Rating Agencies

From: Benaiah, Ian [mailto:ian.benaiah@rbccm.com]
Sent: Monday, November 27, 2017 6:31 PM
To: LEE John -TREASURY ; RYFA Ken -TREASURY ; LADAK Lubna -TREASURY
Cc: Donnie Persaud (Donnie.Persaud@cibc.com) ; Adalja, Sunil (Sunil.Adalja@cibc.com) ; Maciel, Andrew (Andrew.Maciel@cibc.com) ; Katrina Niehaus (Katrina.Niehaus@gs.com) ; Brian Delaney (brian.delaney@gs.com) ; Taylor, Brent R
Subject: EXTERNAL – RA Feedback

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John – I spoke with Moody's and DBRS on the Change of Law Protection Agreement ("CPLA"). Here is an update from each rating agency:

Moody's provided the following three comments:

• Section 2.01(a) – "Upon the occurrence of a Protection Event, the Indenture Trustee **may** deliver a written demand to the Province requiring the Province to make payments in respect of the Approved Obligations". Moody's is looking for something that is more iron clad and expected to see "shall" instead of "may".

• Schedule A Defined Terms – "Protection Event":

• at the bottom of paragraph (a) it indicates that the occurrence of any of the events in (i) through (v) are subject to materiality. Moody's view is that if there are any adverse effects it should constitute a Protection Event, and that the materiality threshold should be deleted. The CPLA is a critical piece in their evaluation, and there should be no ambiguity, uncertainty or dispute in determining whether a Protection Event has occurred. Given the large scale of the program, it may be difficult to prove that smaller payment obligations are material, even though it may affect their ability to rate the timely payment of interest, or ultimate payment of principal.

• The test for an adverse effect is that it impairs the ability of the issuer to pay

“Obligations Secured”. Moody’s would like for it to read “Obligations Secured in accordance with their original terms”. Since the Moody’s rating at the time of issuance addresses the timely payment of scheduled interest and repayment of principal on the stated maturity date, they are concerned there could be a change of law that extends the collection period that would still allow for payment of secured debts, but on an elongated timeline. That ability is an issue in their rating of the notes.

DBRS

• I spoke with DBRS this afternoon, and they have prioritized the CPLA, and expect to provide comments by the end of the day tomorrow.

As for the modelling, Moody’s has no further stress cases that it needs evaluated (for now). DBRS mentioned they have asked CIBC to run several different sensitivities and they are awaiting feedback.

Ian

Ian Benaiah | Director, Securitization Finance | RBC Capital Markets | TEL: 416.842.3820 | FAX: 416.842.3888 | ian.benaiah@rbccm.com

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From:	Gadi Mayman
To:	Mike Manning; Ken Kandeepan; Ronald Kwan
Cc:	Anna Strathy
Subject:	Fwd: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Monday, November 20, 2017 2:15:40 PM
Attachments:	ATT00001.htm Blackline_ProtectionAgreement.pdf ATT00002.htm Blackline_ProcessAgreement.pdf ATT00003.htm CLPA - Protection Agreement (COMMENTS).docx ATT00004.htm CLPA - Process Agreement (COMMENTS).docx ATT00005.htm

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Is this a small ask, or does it undermine the progress that we'd thought we'd made when we met at noon?

Gadi

Begin forwarded message:

From: "Mansoori, Nina" <nmansoori@torys.com>
Date: November 20, 2017 at 2:05:34 PM EST
To: "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>, "Cayley, Daniel (ENERGY)" <Daniel.Cayley@ontario.ca>
Cc: "'dup-john.s.lee@opg.com'" <john.s.lee@opg.com>, "'leslie.wong@opg.com'" <leslie.wong@opg.com>, "'sheen.liu@opg.com'" <sheen.liu@opg.com>, "'tyler.mcauley@opg.com'" <tyler.mcauley@opg.com>, "'clara.greco@opg.com'" <clara.greco@opg.com>, "'matthew.go@opg.com'" <matthew.go@opg.com>, "'anthea.yao@opg.com'" <anthea.yao@opg.com>, "'jenny.jorda@opg.com'" <jenny.jorda@opg.com>, "'stuart.preston@opg.com'" <stuart.preston@opg.com>, "'john.drewniak@opg.com'" <john.drewniak@opg.com>, "'j.hahnparker@opg.com'" <j.hahnparker@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, "Ramchandani, Rima" <rramchandani@torys.com>, "Emes, Aaron" <aemes@torys.com>, "Hunter, Rosalind" <RHunter@osler.com>, "'Alvi, Shariq'" <Shariq.Alvi@cibc.com>, "Innes, Michael" <MInnes@osler.com>, "'Stoddart, Jesse - Debt Capital Markets'" <Jesse.Stoddart@cibc.com>, "'Rix, Lindsey - Legal'" <Lindsey.Rix@cibc.com>, "'Hume, Tyler'" <Tyler.Hume@cibc.com>, "'Daou, Hadi'" <Hadi.Daou@cibc.com>, "'Persad, Nicole'" <Nicole.Persad@cibc.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "'mfitzpatrick@hunton.com'"

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Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

All – please find attached consolidated comments on the Process Agreement and the Protection Agreement blacklined to the drafts circulated by Blakes on Friday. We understand that the current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Accordingly, the dealers and OPG would like to discuss with the Province the possibility of moving the adherence conditions to the Process Agreement while preserving the Province's oversight of its obligations under the Protection Agreement. We will provide a proposal on that basis to discuss with the Province. Please note that the attached remains subject to the comments of the working group and the rating agencies.

Best Regards,
Nina

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[1]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Torys and Blakes to discuss signatory on behalf of the Trust. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would propose to do the same on the change of law agreement.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1][2], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2][3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

[1][2] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2][3] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

~~OPG and the Province will concurrently enter into the Process Agreement, under which OPG will agree to perform certain activities and to provide certain assurances in relation to this Agreement, on which the Province will rely.~~

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[34].

[34] With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is one circumstance that demonstrates why the Province needs the right to know about and consider all underlying amendments.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the **Province, the** Indenture Trustee, the Financing Entity, the Financing Entity Trustee**, the Manager** or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. **[The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.]** **[NTD: this is unusual. Why is it necessary in this Agreement?]**

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days

comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than [3] Business Days prior to each ~~Payment Date~~**day when any payment or payments are to be made in respect of one or more Approved Obligations** occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date **(a "Guarantee Payment Date")**[5], if any, the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such **Guarantee** Payment Date, together with a detailed description identifying such Approved Obligations~~,~~ **and** the nature and amount of payments due and payable thereunder on the **Guarantee** Payment Date~~, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder~~.

ii. On each such **Guarantee** Payment Date, the Province shall pay the Aggregate Approved Obligations Amount ~~[~~to the Indenture Trustee and the Indenture Trustee~~]~~[4] shall deposit such amount to the Protection Account.

[5] **PM: Interest Payment Dates and Principal Payment Dates are set in the supplements. While the present intention is to set them on Payment Dates, there is no guarantee that will always be the case.**

[4] ~~Confirm payment mechanics. Consider direct deposit. Confirm that no set-off if pay through indenture trustee.~~

iii. On each such **Guarantee** Payment Date, ~~[the Financing Entity shall cause] the Paying Agent~~[5] ~~[to]~~**the Indenture Trustee** shall apply all amounts on deposit in the Protection Account to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the **Guarantee** Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such **Guarantee** Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the **Guarantee** Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the ~~applicable~~ payment provisions of the Trust Indenture applicable to the making of such payments on the **Guarantee** Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any **Guarantee** Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture ~~and subject to Section 2.04(b)~~, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such **Guarantee** Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such **Guarantee** Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the **Guarantee** Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the **Guarantee** Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to

[5] ~~To be effective, will need to add the Paying Agent as a party to this agreement.~~

[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.

the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any **Guarantee** Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount ~~on~~ remaining **on** deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the **Guarantee** Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the **Guarantee** Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the ~~payment amounts~~**Approved Obligation Amounts**, if any, and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[7] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8] shall apply all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the

[7] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

Approved Obligation to the extent so paid[10]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by

[10] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Inden ture Trustee under this Agreement.

settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with ~~Section 6.03 or~~ Section **6.03 or Section** 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

[11] The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequat e notices of these event under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied [at the time the Primary Obligation was incurred][12].

4.02 Adherence Conditions[12]

[There shall be no Adherence Conditions applicable in relation to**: (i)** a Primary Obligation that is not a Funding Obligation **or (ii) a Primary Obligation that (x) arises under a Derivative Agreement, or (x) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity**.][13] The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation **that does provide for the advance of more than $■ to the Financing Entity**:

(a) the Primary Obligation ~~is contemplated~~**when incurred will be an Obligation Secured** under the Trust Indenture ~~as an Obligation Secured~~; and

(b) ~~the FSM~~**either (x) OPG** delivers ~~a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and~~**an officer's certificate** addressed to the Indenture Trustee, prior to the ~~earlier of (i) one Business Day prior to the incurrence [or any amendment][14] of the Primary Obligation, and (ii) [one Business Day after] [on] the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities)~~**entering into of the related Funding Obligation Agreement**, confirming that OPG has ~~delivered to the Province a Process Certificate in~~

[12] ~~Still under consideration. Tied to the discussion around authorized "amendments".~~

[12] The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[13] ~~Under consideration by the Province. Province is comfortable that immaterial (<1M) obligations need not be subject to these adherence provisions.~~

[14] ~~Still under consideration. Tied to the discussion around authorized "amendments".~~

accordance with Section [3.01] of the Process Agreement**complied with its obligations to the Province in connection with the Primary Obligation, or (y) OPG has in fact complied with its obligations to the Province in connection with the Primary Obligation**; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

For greater certainty, satisfaction of the Adherence Conditions for any Funding Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under, or in respect of, the Funding Obligation and the related Funding Obligation Agreement as such agreement may be amended, restated, supplemented> *or otherwise modified from time to time*<.[13]

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02**(b)(x)** in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without

[13] **This language was added to track Section 2(2) of the regs and ensure that there is no obligation to satisfy the Adherence Conditions every time interest is incurred in respect of a Funding Obligation for which the Adherence Conditions have already been satisfied.**

any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[14]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.[15]

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to

[14] Section to be updated to conform with section in the Trust Indenture once settled.

[15] To be confirmed this covenant is only meant to apply following a Payment Demand? Note that once the Province exercises this right, ,the desired accounting treatment will be lost.

reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[15]16

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[16]17

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the

[15]16 Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.
[16]17 Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their

correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity ~~in any of the following circumstances:(a)~~ following the Province becoming aware of the occurrence of a Program Breach~~; and~~.

~~(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.~~

[NTD: the concept of Breach Event has been removed from Protection Agreement and replaced by provisions in the Process Agreement providing that upon notice of a Breach Event to OPG in the Process Agreement, OPG will not be permitted to deliver the certificate required to satisfy the Adherence Conditions. This was done to cleanse the Protection Agreement of any references to the Process Agreement but leave the Province in the same position of being able to (indirectly) suspend application of the change of law agreement to future issuances upon a Breach Event.]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[17][18].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

[17][18] This will be affected by the resolution of the "amendments" point.

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

(c) **Notwithstanding Section 9.03(a), assignments and participations of the rights and obligations of the Indenture Trustee and Specified Creditors (other than the Province) in accordance with the terms of the Trust Indenture may also assign the rights and obligations of the Indenture Trustee and Specified Creditors under this Agreement.**

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST , AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS

INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS[18][19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a **Guarantee** Payment Date, the aggregate of the Approved Obligation Amounts for such **Guarantee** Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a **Guarantee** Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the **Guarantee** Payment Date, the amount due and payable to the Beneficiary on such **Guarantee** Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the **Guarantee** Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the **Guarantee** Payment Date, the amount that would be available to be paid to the Beneficiary on such **Guarantee** Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the ~~amounts available under such applicable payment provisions~~**amount available for allocation to Specified Creditors in accordance with the terms** of the Trust Indenture ~~would be limited to the Clean Energy Adjustment payable in respect of such month.~~ **in respect of each relevant month during each Reference Period from and after May,**

[18][19] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

2021 is equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period.[20]

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the ~~Finding~~**Funding** Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

~~"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.][19]~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

~~"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act as of the date of this Agreement.~~

[20] **PM: the challenge is that the permitted acceleration amount is determined under the Regulations but in a post-change of law environment, we don't know what provisions of the Regulation remain. By going to "Finance Amount", we are using a defined term that is frozen at the date of this agreement.**

[19] ~~Process Agreement references define Suspension Rights. If dealers and OPG are comfortable with broad suspension rights (subject to the agreement of the Province with OPG under Process Agreement, not to implement suspension rights other than for Program Breach or Breach Event), then may be able to better cleanse this Agreement of operative references to the Process Agreement.~~

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"Guarantee Payment Date" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, ~~[~~as amended, supplemented, restated or otherwise modified from time to time~~]~~.[20]

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, ~~[~~as amended, supplemented, restated or otherwise modified from time to time~~]~~.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

~~"**Payment Date**" means the 15th day of each month.~~

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

~~[20] Still under consideration. Tied to the discussion around authorized "amendments".~~

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

~~"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM] [as amended, supplemented, restated< *or otherwise modified from time to time*>].~~

~~["**Process Certificate**" has the meaning ascribed thereto in the Process Agreement.]~~

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay ~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement~~**Obligations Secured**, or (b) this Agreement or any of the agreements under which ~~Approved~~ Obligations **Secured** arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay ~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement~~**Obligations Secured** and that has the effect of the Financing Entity not in fact having sufficient funds to pay such ~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement in respect of Approved~~ Obligations **Secured** that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on November-20-17 1:54:22 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24511859/1
Description	#24511859v1<TorysAtWork> - 23239360-v15-CLPA - Protection Agreement
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24511859/3
Description	#24511859v3<TorysAtWork> - CLPA - Protection Agreement (COMMENTS)
Rendering set	strikeout-colour

Legend:	
Insertion	
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Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	106
Deletions	88
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	196

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[2]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. **Blakes and Torys to discuss.**

[2] Once agreements are settled, Province to provide draft notice.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] **, or such lesser period as the Province may agree to,** prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days**, or such lesser period as the Province may agree to,** prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) ~~Not less than 10 Business Days prior to~~**Promptly following**[3] (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

[3] **This change was made due to accounting.**

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels; **or**

(B) ~~resign as the Manager under the Management Agreement; or~~ [4]

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the ~~occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection~~

[4] **As discussed in the meeting, this causes an accounting issue. Additionally, OPG is not permitted to resign under the Management Agreement.**

~~Event)~~**delivery of a Payment Demand**[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) **For greater certainty, nothing in this Agreement is intended to derogate from OPG's obligations as FSM and Manager.**

(d) ~~(c)~~ Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[6]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation[7] **(other than a Funding Obligation that (x) arises under a Derivative Agreement, or (y) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity)**, and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:~~3~~[8]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features,

[5] **Given that delivery of a Payment Demand is the trigger for the Limited Guarantee, the delivery of the Payment Demand is the more appropriate milestone.**

[6] **The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.**

[7] **OPG/Province to discuss circumstances in which a certificate will be required under this Section.**

~~3~~[8] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing ~~Primary~~**Funding** Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and[9]

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

[9] **We have cleansed the Protection Agreement of the concept of the Process Agreement and the related concept of the Breach Event. The process certificate already contemplates that a breach event has not occurred at the time of delivery of the certificate but we have also provided the added comfort of the covenant below in section 3.02.**

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Intentionally Deleted~~Acknowledgement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with its obligations to the Province in connection with the incurrence of the Funding Obligations in respect of which such certificate is delivered; provided that, upon receipt of a Breach Event Suspension Notice, OPG covenants not to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee. [10]

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including

[10] OPG needs the authority to provide this certification.

pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days**, or such lesser period as the Province may agree to,** prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days**, or such lesser period as the Province may agree to,** following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province~~,~~ **and OPG,**[11] and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

[11] **This is an accounting comment.**

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days**, or such lesser period as the Province may agree to,** following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province~~,~~ **and OPG,**[12] and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

[12] **This is an accounting comment.**

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[413]

[413] Note: Lawyers to discuss assumption mechanics.

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be

proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice and Article VI of this Agreement shall continues to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, ~~[~~other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement~~][NTD: Subject to the input of the dealers.]~~[5] [14]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

[5][14] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, ~~upon written notice to OPG,~~ and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a **written notice in the form of Exhibit ■ (a "Breach Event** Suspension Notice**")** to ~~the Indenture Trustee, OPG and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement~~**OPG**.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS[615]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"Breach Event >*Suspension Notice* *" has the meaning ascribed thereto in* **<Section 7.02.**

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[615] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement~~ but in no event shall it include obligations to service providers or amounts payable by the Financing Entity to a counterparty under any Funding Obligation Agreement permitted to be entered into by the Financing Entity pursuant to the Program Agreements under which an amount in excess of $1 Million in the aggregate would be payable~~.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"<***Suspension Notice**" has the meaning ascribed thereto in* >the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

Document comparison by Workshare Compare on November-20-17 1:53:34 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24511858/1
Description	#24511858v1<TorysAtWork> - 23239361-v12-CLPA - Process Agreement
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24511858/3
Description	#24511858v3<TorysAtWork> - CLPA - Process Agreement (COMMENTS)
Rendering set	strikeout-colour

Legend:	
Insertion	
~~Deletion~~	
<~~*Moved from* >~~	
>*Moved to* <	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	54
Deletions	34
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	90

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[1]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Torys and Blakes to discuss signatory on behalf of the Trust. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would propose to do the same on the change of law agreement.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[2], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

[2] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[3] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[4].

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or

[4] With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is one circumstance that demonstrates why the Province needs the right to know about and consider all underlying amendments.

Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Province, the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. [**The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.**] [**NTD: this is unusual. Why is it necessary in this Agreement?**]

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR

OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than [3] Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date (a "**Guarantee Payment Date**")[5], if any, the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date.

ii. On each such Guarantee Payment Date, the Province shall pay the Aggregate Approved Obligations Amount to the Indenture Trustee and the Indenture Trustee shall deposit such amount to the Protection Account.

iii. On each such Guarantee Payment Date, the Indenture Trustee shall apply all amounts on deposit in the Protection Account to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment

[5] PM: Interest Payment Dates and Principal Payment Dates are set in the supplements. While the present intention is to set them on Payment Dates, there is no guarantee that will always be the case.

provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[7] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The

[7] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8] shall apply all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[10]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

[10] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03 or Section 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred.

[11] The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequate notices of these event under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.

4.02 Adherence Conditions[12]

There shall be no Adherence Conditions applicable in relation to: (i) a Primary Obligation that is not a Funding Obligation or (ii) a Primary Obligation that (x) arises under a Derivative Agreement, or (x) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity. The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation that does provide for the advance of more than $■ to the Financing Entity:

(a) the Primary Obligation when incurred will be an Obligation Secured under the Trust Indenture; and

(b) either (x) OPG delivers an officer's certificate addressed to the Indenture Trustee, prior to the entering into of the related Funding Obligation Agreement, confirming that OPG has complied with its obligations to the Province in connection with the Primary Obligation, or (y) OPG has in fact complied with its obligations to the Province in connection with the Primary Obligation; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

For greater certainty, satisfaction of the Adherence Conditions for any Funding Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under, or in respect of, the Funding Obligation and the related Funding Obligation Agreement as such agreement may be amended, restated, supplemented or otherwise modified from time to time.[13]

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)(x) in connection with an incurrence of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

[12] The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[13] This language was added to track Section 2(2) of the regs and ensure that there is no obligation to satisfy the Adherence Conditions every time interest is incurred in respect of a Funding Obligation for which the Adherence Conditions have already been satisfied.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[14]

[14] Section to be updated to conform with section in the Trust Indenture once settled.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.[15]

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[16]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as

[15] To be confirmed this covenant is only meant to apply following a Payment Demand? Note that once the Province exercises this right, ,the desired accounting treatment will be lost.

[16] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[17]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

[17] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the Province becoming aware of the occurrence of a Program Breach.

[NTD: the concept of Breach Event has been removed from Protection Agreement and replaced by provisions in the Process Agreement providing that upon notice of a Breach Event to OPG in the Process Agreement, OPG will not be permitted to deliver the certificate required to satisfy the Adherence Conditions. This was done to cleanse the Protection Agreement of any references to the Process Agreement but leave the Province in the same position of being able to (indirectly) suspend application of the change of law agreement to future issuances upon a Breach Event.]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[18].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

[18] This will be affected by the resolution of the "amendments" point.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

(c) Notwithstanding Section 9.03(a), assignments and participations of the rights and obligations of the Indenture Trustee and Specified Creditors (other than the Province) in accordance with the terms of the Trust Indenture may also assign the rights and obligations of the Indenture Trustee and Specified Creditors under this Agreement.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:

By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS[19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with the terms of the Trust Indenture in respect of each relevant month during each Reference Period from and after May, 2021 is equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period.[20]

[19] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

[20] PM: the challenge is that the permitted acceleration amount is determined under the Regulations but in a post-change of law environment, we don't know what provisions of the Regulation remain. By going to "Finance Amount", we are using a defined term that is frozen at the date of this agreement.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[2]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

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[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.

[2] Once agreements are settled, Province to provide draft notice.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] , or such lesser period as the Province may agree to, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following[3] (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

[3] This change was made due to accounting.

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels; or

(B) [4]

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the delivery of a Payment Demand[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption,

[4] As discussed in the meeting, this causes an accounting issue. Additionally, OPG is not permitted to resign under the Management Agreement.

pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) For greater certainty, nothing in this Agreement is intended to derogate from OPG's obligations as FSM and Manager.

(d) Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[6]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation[7] (other than a Funding Obligation that (x) arises under a Derivative Agreement, or (y) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:[8]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features,

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[5] Given that delivery of a Payment Demand is the trigger for the Limited Guarantee, the delivery of the Payment Demand is the more appropriate milestone.

[6] The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[7] OPG/Province to discuss circumstances in which a certificate will be required under this Section.

[8] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and[9]

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

[9] We have cleansed the Protection Agreement of the concept of the Process Agreement and the related concept of the Breach Event. The process certificate already contemplates that a breach event has not occurred at the time of delivery of the certificate but we have also provided the added comfort of the covenant below in section 3.02.

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with its obligations to the Province in connection with the incurrence of the Funding Obligations in respect of which such certificate is delivered; provided that, upon receipt of a Breach Event Suspension Notice, OPG covenants not to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee. [10]

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]**

[1010] OPG needs the authority to provide this certification.

of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG,[11] and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting

[11] This is an accounting comment.

out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG,[12] and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

[12] This is an accounting comment.

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[13]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things,

[13] Note: Lawyers to discuss assumption mechanics.

specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice and Article VI of this Agreement shall continues to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[14]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

[14] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a written notice in the form of Exhibit ■ (a "Breach Event Suspension Notice") to OPG.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS[15]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[15] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

From: Ronald Kwan
To: John Kim
Subject: Fwd: Change of Law Protection and Process Agreement
Date: Sunday, December 03, 2017 3:24:12 PM
Attachments: 23239361-v18-Change of Law - Process Agreement.DOCX
ATT00001.htm
23239360-v21-Change of Law Protection Agreement.DOCX
ATT00002.htm
Process Agreement - BL v Province Nov 21 draft.pdf
ATT00003.htm
Protection Agreement - BL v Province Nov 21 draft.pdf
ATT00004.htm
Process Agreement - BL v Torys.pdf
ATT00005.htm
Protection Agreement - BL v Torys.pdf
ATT00006.htm
Protection Agreement - BL v internal draft reviewed Dec 1.pdf
ATT00007.htm
Process Agreement - BL v internal draft reviewed Dec 1.pdf
ATT00008.htm

Begin forwarded message:

From: "Hanslep, Malle (MOF)" <Malle.Hanslep@ontario.ca>
Date: December 3, 2017 at 1:12:49 PM EST
To: "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>, John Psinas <John.Psinas@ofina.on.ca>, "Christie, Tim (ENERGY)" <Tim.Christie@ontario.ca>, "Cayley, Daniel (ENERGY)" <Daniel.Cayley@ontario.ca>, "Donaldson, Mark (TBS)" <Mark.Donaldson@ontario.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>
Cc: "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>
Subject: Fw: Change of Law Protection and Process Agreement

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: VINER, JON <JON.VINER@blakes.com>
Sent: Sunday, December 3, 2017 11:45
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY)
Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: Change of Law Protection and Process Agreement

All,

Please find attached clean and blacklined copies of the Change of Law agreements.

I wasn't sure which blackline would be most helpful for your review. I've attached blacklines against:

- The Province's previous external circulated draft (November 21)

- Torys' draft (November 24)

- The Province's previous internal circulated draft (discussed on Friday).

I look forward to discussing tomorrow.

Kind regards,
Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

_____

[cid:image72b0e7.GIF@90def241.49b60a3b]

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=IYquIJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=JE2_mI1_6CC6zewDsjSIS0hZdiSJMNgGeELjmzojv0M&s=sLM8iDQ_bOUyLTQEhhoQCDlV35ygikkPVP3oAbGeJio&e=> | Twitter<https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw_&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=IYquIJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=JE2_mI1_6CC6zewDsjSIS0hZdiSJMNgGeELjmzojv0M&s=8MPtzctykaZtz3HthJCmEKQMXtmMvUFFULiFdtqfSD8&e=> | Unsubscribe<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=IYquIJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=JE2_mI1_6CC6zewDsjSIS0hZdiSJMNgGeELjmzojv0M&s=vuu8MIYbFAChLMBJ6lNr64kAkFWbIkxEWqitaCW467w&e=>

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
This email communication is CONFIDENTIAL AND LEGALLY PRIVILEGED. If you are not the intended recipient, please notify me at the telephone number shown above or by return email and delete this communication and any copy immediately. Thank you.

L'information paraissant dans ce message électronique est CONFIDENTIELLE. Si ce message vous est parvenu par erreur, veuillez immédiatement m'en aviser par téléphone ou par courriel et en détruire toute copie. Merci.

Draft: December 3, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $**[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the

Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered;[2] for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

[2] **Note to Torys:** We believe the revision makes clear that OPG is only certifying as to the Protection Agreement Maximum as at the date the Process Certificate is delivered.

3.02 Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection 4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section 7.01]** of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between

the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any

discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Draft: December 3, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled. **Note to Torys:** Logistics of closing are under consideration.

[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

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[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Intentionally Deleted

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of

the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or

release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee shall (absent the Rating Agency Condition being satisfied with respect to the Protection Event not occurring) deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved

Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(A), and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such amounts paid to Beneficiary Payees being "**Subrogation Amounts**"); and[4]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(v)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the

[4] **Note:** The Province will be entitled to receive cash flows that would have been required to pay Approved Obligations remaining under the payment waterfalls after satisfaction of all Approved Obligations. Further consideration is required in order to ensure these amounts are paid to the Province, despite those amounts not being paid on a "Guarantee Payment Date" (ie. no amount is paid by the Province under the Limited Guarantee on those later Payment Dates, so currently not covered as not arising on a Guarantee Payment Date). Those residual entitlements must be included as "Subrogation Amounts".

priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is

established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 <u>Certain Waivers</u>

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by

such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights

and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 <u>Priorities</u>

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the

extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[5]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit B (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

[5] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf

of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province

pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof) divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

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[6] **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to Torys:** Yes.

[7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[8]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the

[8] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[9]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

[9] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[10]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

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[10] **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Torys**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

[1] ~~Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.~~

[2] ~~Lawyers to discuss.~~

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[3];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

[3] Added to address the scenarios contemplated in 2.01(c).

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement [nor in the Change of Law Protection Agreement][4] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[5]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on the earlier of (i) one Business Day prior to or before the incurrence or any amendment of a Funding Obligation, (other than any Funding Obligation under which not more than $■ **[5,000,000]** in the aggregate may become payable by the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

[4] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention.

[5] OPG/Dealers have indicated that "The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province has asked Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors.

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum~~;~~ applicable on the date that the Process Certificate is delivered;[2] for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

[2] **Note to Torys:** We believe the revision makes clear that OPG is only certifying as to the Protection Agreement Maximum as at the date the Process Certificate is delivered.

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Delivery of a Suspension Notice~~ Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section ~~8.01~~3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement~~,~~ to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection 4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section** ~~8.01~~**7.01]** of the Change of Law Protection Agreement unless ~~any of the following circumstances~~a Program Breach or a Breach Event has occurred~~:~~.

~~(a) a Program Breach; and~~

~~(b) a Breach Event.~~

3.04 ~~3.03~~ Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 ~~3.04~~ Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01~~ or Article VI~~]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ or upon the assumption of obligations in accordance with [Article VI] of the Change of Law Protection Agreement~~; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG

shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is ~~not less~~more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is ~~not less~~more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection

Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may

limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~ARTICLE VI~~
~~PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS~~[6]

~~6.01 Election by the Province~~

~~Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").~~

~~6.02 Details regarding Obligations Secured~~

~~Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:~~

~~(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;~~

~~(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;~~

~~(c) current versions of all documentation under which the Obligations Secured arise;~~

~~(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or~~

~~[6] Note: Lawyers to discuss assumption mechanics.~~

the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that

~~arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.~~[7]

ARTICLE VI~~ARTICLE VII~~
BREACH EVENTS

6.01 ~~7.01~~ Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII~~ARTICLE VIII~~
MISCELLANEOUS

7.01 ~~8.01~~ Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 ~~8.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business

~~[7] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.~~

Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189
~~Email: [■]~~

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~8.02~~7.02.

7.03 ~~8.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section ~~8.03~~7.03 shall be null and void.

7.04 ~~8.04~~ Enurement

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

7.05 ~~8.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 ~~8.06~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under this Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under this Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.~~has the meaning ascribed thereto in Section 6.01.

~~has the meaning ascribed thereto in Section 7.01.~~

~~"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"~~**Election Information Notice**~~**Executive Officer**" has the meaning ascribed thereto in ~~Section 6.01~~the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)~~.~~

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)~~.~~

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~"**Legislature**" means the Legislature of the Province of Ontario.~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" ~~means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.~~

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03.~~3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04.~~3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons

having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

~~**EXHIBIT A**~~
~~**FORM OF ELECTION INFORMATION NOTICE**~~

~~EXHIBIT B~~

~~FORM OF BREACH EVENT SUSPENSION NOTICE~~

Document comparison by Workshare Compare on Sunday, December 03, 2017 11:35:31 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/14
Description	TOR_2528-#23239361-v14-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/18
Description	TOR_2528-#23239361-v18-Change_of_Law_-_Process_Agreement
Rendering set	standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	55
Deletions	104
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	161

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~[1]~~[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled. **Note to Torys:** Logistics of closing are under consideration.

~~[1] Torys and Blakes to discuss signatory~~[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would ~~propose to do the same on the change of law agreement~~like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2][3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations ~~Secured~~ that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence

[2] ~~Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.~~

[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

Conditions at the time the Approved Obligation is incurred ~~or amended~~. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Proof of Approved Obligations~~Intentionally Deleted

~~The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.~~

~~Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.~~

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR

OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest

calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able

on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~may~~shall (absent the Rating Agency Condition being satisfied with respect to the Protection Event not occurring) deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than ~~[~~3~~]~~ Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand~~ and prior to the Assumption Effective Date, if any,~~ (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement~~, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**")~~ setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to

whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) ~~(i)~~ the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) ~~(ii)~~ the Province shall be paid the ~~amount by which~~lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(~~i~~A), ~~exceeds~~and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such ~~payments to the Province~~amounts paid to Beneficiary Payees being "**Subrogation Amounts**"); and[4]

[4] **Note:** The Province will be entitled to receive cash flows that would have been required to pay Approved Obligations remaining under the payment waterfalls after satisfaction of all Approved Obligations. Further consideration is required in order to ensure these amounts are paid to the Province, despite those amounts not being paid on a "Guarantee Payment Date" (ie. no amount is paid by the Province under the Limited Guarantee on those later Payment Dates, so currently not covered as not arising on a Guarantee Payment Date). Those residual entitlements must be included as "Subrogation Amounts".

(C) ~~(iii)~~ no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(~~ii~~B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(v), be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the

Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[3] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the

[3] ~~Mechanics of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.~~

Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[4]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

[4] ~~A corresponding provision needs to be added to the Trust Indenture and each other Funding Obligation Agreement under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.~~

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations~~, or until the Province is no longer required to provide and perform the Limited Guarantee~~ in accordance with Section ~~6.03 or Section 8.02.~~8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but

nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions[5]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation ~~other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity~~:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG ~~(or their respective designees, provided that such designees are executive officers of OPG and,~~ , or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, ~~one Business Day prior to the Financing Entity entering into or becoming bound by the related Funding Obligation Agreement~~on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, ~~(or their respective~~

[5] ~~Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors.~~

~~designees, provided that such designees are executive officers of OPG and,~~ or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a ~~Funding~~Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the ~~Funding~~Certified Primary Obligation, as such ~~Funding~~Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b~~)(x~~) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the

applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[**Sections 7.04 through 7.11 and 8.13 (Payment Priorities), **Section ~~7.11~~7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), ~~Sections 7.04 and 8.13 (Payment Priorities),~~ Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition) ~~thereof]~~** ~~and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.~~[6]**]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]**

[6] ~~Section to be updated to conform with section in the Trust Indenture once settled.~~

of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section ~~2.01.~~7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~**ARTICLE VI**~~
~~**NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED**~~

~~**6.01 Delivery of Assumption Notice**~~

~~Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").~~

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[7]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

[7] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals ~~or Issuance of Notes~~

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 ~~7.03~~ Representations and Covenants of the Indenture Trustee[5]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

~~(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;~~

~~(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and~~

(b) ~~(d)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

[5] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

ARTICLE VII~~ARTICLE VIII~~
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 ~~8.01~~ Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

~~The~~the Province may~~, at any time and for any reason,~~ declare that the Limited Guarantee under this Agreement shall not apply to any ~~Obligation Secured~~Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit ~~C~~B (a "**Suspension Notice**") ~~to the Province~~ to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 ~~8.02~~ Suspension

If a Suspension Notice has been provided under Section ~~8.01~~7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any

Primary Obligation ~~Secured~~ incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered.~~ (provided that the Refinancing is an Approved Obligation).

~~8.03 Termination Notice~~

~~On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").~~

7.03 ~~8.04~~ No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI~~ (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII~~ARTICLE IX~~
MISCELLANEOUS

8.01 ~~9.01~~ Term of Agreement

~~This Agreement will continue until the later of:~~

~~(a)~~ ~~the~~ This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee~~; and~~.

~~(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.~~

8.02 ~~9.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~
~~Email: [■]~~592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: ~~[■]~~Manager, Corporate Trust
Fax: (416) ~~[■]~~981-9777
Email: ~~[■]~~corporatetrust.toronto@computershare.com

~~[■]~~

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189

~~Email: [■]~~

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

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

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

~~9.07 Intentionally Deleted~~

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, ~~[~~BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER~~]~~[8]

By: _____
Name:
Title:
By: _____
Name:
Title:

~~8 [To be discussed.]~~

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, ~~means~~ the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month [during each Reference Period ~~from and after May, 2021]~~[9] is equal to the [estimated ~~finance amount~~Finance Amount determined in respect of such Reference Period ~~pursuant to~~for purposes of section •15(1) of the ~~General Regulation (as set forth~~Act (in effect on

[9] ~~What about earlier periods? Are the earlier periods covered at all, or is the intention that they would be determined without regard to the acceleration mechanics of the Regulation?~~

the date hereof)]10 divided by the number of months in such Reference Period.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[7]

"**Change of Law Protection Agreement**" means this Agreement.

10 This needs to tie into the "estimated finance amount" determined under the General Regulation applicable during the Reference Period.

6 **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to Torys:** Yes.

7 **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with~~has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, ~~the trustee of the~~ and thereafter "Financing Entity ~~at~~Trustee" means and includes such ~~time~~Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

~~"**General Regulation**" means O. Reg. 206/17 made under the Act.~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

~~"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account~~,~~ or Finance Reserve Account~~, or Supplemental Reserve Account~~; and (ii) any ~~amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust~~obligation to pay the Financing Entity or on the ~~Trust~~Financing Entity's direction any remaining amounts ~~of Available Collections.~~in the Collection Account pursuant to the Trust Indenture.[8]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[9]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

[8] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Pay ment Date.

[9] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the ~~[~~Crown~~]~~, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency** ~~**Condition**~~" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in ~~in~~ the General Regulation as of the date hereof.[10]

~~"**Repayment**" has the meaning ascribed thereto in the General Regulation.~~

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

~~"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.~~

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[10] **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended f unding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Torys**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

~~**EXHIBIT A.1**~~
~~**FORM OF GUARANTOR SETTLEMENT STATEMENT**~~

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

~~**EXHIBIT C**~~

~~**SUSPENSION NOTICE**~~**DATED** as of the [■] day of [■], [■].

~~**EXHIBIT D**~~
~~**TERMINATION NOTICE**~~

~~**EXHIBIT E**~~

~~**FORM OF ASSUMPTION AGREEMENT**~~

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on Sunday, December 03, 2017 11:32:17 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/17
Description	TOR_2528-#23239360-v17-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/21
Description	TOR_2528-#23239360-v21-Change_of_Law_Protection_Agreement
Rendering set	standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	189
Deletions	187
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	386

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled ~~and prior to pricing of the term deal~~. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of ~~Primary~~ Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents ~~listed on Exhibit "A"~~, and the Province has not objected to such forms ~~and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement~~.

~~Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "**Initial Financing Plan**"), and the Province has not objected to such Initial Financing Plan.~~

~~Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the 24 month period following the date hereof (the "**Initial Forecast Period**"); and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "**Initial Protection Agreement Maximum**").~~[3]

[2] ~~We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request.~~

[3] ~~Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.~~

~~The Province has not objected to the Initial Forecast and the Initial Protection Agreement Maximum on the basis that (i) there does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.~~

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect,

including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof.

To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise

expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the ~~Initial~~ Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event[5] (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

~~(c) For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.[6]~~

(c) ~~(d)~~ Nothing in this Agreement ~~nor in the Change of Law Protection Agreement~~[7] shall limit the obligations of the Province under the Indemnity Agreement by the

[4] ~~Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.~~

[5] ~~OPG is not in a position to be aware of events that may lead to a Protection Event.~~

[6] ~~We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.~~

[7] ~~This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.~~

Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement~~, the Change of Law Protection Agreement~~ and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[8]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a ~~Certified Primary Obligation~~Funding Obligation, other than any Funding Obligation under which not more than $**[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the ~~Certified Primary~~Funding Obligation), setting out the following with respect to such ~~Certified Primary~~Funding Obligation:

(a) the material terms of the ~~Certified Primary~~Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a ~~Master~~Derivative Agreement[9]~~, events of default, termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation)~~, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) ~~(b)~~ a statement to the effect that: (i) the ~~Certified Primary~~Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are

[8] ~~The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under the Protection Agreement. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to the adherence conditions may not be clear.~~

[9] ~~Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.~~

Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) ~~(c)~~ a statement confirming that any disclosure made in respect of the ~~Certified Primary~~Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Certified Primary~~Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) ~~(d)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) ~~(e)~~ confirmation that, at the time the ~~Certified Primary~~Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the ~~Certified Primary~~Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the ~~then applicable~~ Protection Agreement Maximum~~;~~ applicable on the date that the Process Certificate is delivered;[2] for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

[2] **Note to Torys:** We believe the revision makes clear that OPG is only certifying as to the Protection Agreement Maximum as at the date the Process Certificate is delivered.

3.02 Acknowledgement[10] regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection [4.02(b)]** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection [4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection [4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.[11]

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section 7.01]** of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 ~~3.03~~ Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(~~b~~c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

[10] OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.

[11] Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.

3.05 ~~3.04~~ Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(~~b~~c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01~~ or Article VI~~]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement~~; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum~~12~~

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

~~12 Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.~~

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(a)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) ~~(b)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~a~~c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) ~~(c)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in

the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
~~PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS~~[13] BREACH EVENTS

6.01 ~~Election by the Province~~Breach Events

~~Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit "D" (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date or dates on which the Province proposes to assume the Obligations Secured referred to in this Section 6.01, which date or dates shall be no earlier than 60 days[14] following delivery of the Election Information Notice to OPG (with respect to each such Obligation Secured, the "**Proposed Assumption Date**").~~

~~6.02 Details regarding Obligations Secured~~

~~Within 10 Business Days following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:~~

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) ~~a summary of the amounts that will be owing under the Obligations Secured referred to in Section 6.01 as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under such Obligations Secured;~~a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

~~(b)~~ ~~a summary of the rights arising under the Obligations Secured referred to in Section 6.01 that permit the Province to assume such Obligations Secured, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;~~

~~(c)~~ ~~current versions of all documentation under which the Obligations Secured referred to in Section 6.01 arise;~~

~~[13] Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).~~

~~[14] This process will take time and require appropriate notice to holders of the applicable Obligations Secured.~~

~~(d)~~ ~~copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured referred to in Section 6.01 by the Province; and~~

~~(e)~~ ~~all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.~~

~~6.03 Settlement of Terms~~

(b) ~~Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured referred to in Section 6.01 and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.~~any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

~~6.04 Cooperation to Implement the Assignment and Assumption~~

(c) OPG ~~shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured referred to in Section 6.01 by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.~~is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII[15]
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

[15] Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence of an event described~~has the meaning ascribed thereto in Section ~~**[8.01(b) or (c)]** of the Change of Law Protection Agreement.~~ 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" ~~means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

~~[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?~~
~~[17] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.~~

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

~~"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Executive Officer**" has the meaning ascribed thereto in the ~~*Securities Act* (Ontario)~~Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~a~~c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Initial Financing Plan**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Initial Forecast**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~the recitals of this Agreement.~~Section 4.01(a)

~~"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.~~

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~18~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Master Agreement**" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.~~

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

~~18 Definition of Legislature not used here.~~

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"~~**Proposed Assumption Date**~~**Program Breach**" has the meaning ascribed thereto in ~~Section 6.01~~the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03~~3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04~~3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement;

(vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to ~~a~~an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

~~**EXHIBIT "A"**~~
~~**INITIAL REFERENCE DOCUMENTATION**~~

- ~~Declaration of Trust;~~
- ~~Management Agreement;~~
- ~~Master Transfer and Servicing Agreement;~~
- ~~Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;~~
- ~~Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;~~
- ~~Trust Indenture;~~
- ~~Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;~~
- ~~Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and~~

- ~~Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.~~

~~**[NTD: List above to be confirmed.]**~~

~~**EXHIBIT "B"**~~
~~**INITIAL FINANCING PLAN**~~

~~**(see attached)**~~

~~**EXHIBIT "C"**~~
~~**INITIAL FORECAST**~~

~~**(see attached)**~~

~~**EXHIBIT "D"**~~
~~**FORM OF ELECTION INFORMATION NOTICE**~~

~~**[NTD: Blakes to provide draft.]**~~

Document comparison by Workshare Compare on Sunday, December 03, 2017 11:33:56 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/15
Description	TOR_2528-#23239361-v15-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/18
Description	TOR_2528-#23239361-v18-Change_of_Law_-_Process_Agreement
Rendering set	standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	73
Deletions	155
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	238

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled ~~and prior to pricing of the term deal~~. **Note to Torys:** Logistics of closing are under consideration.

[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Proof of Approved Obligations~~Intentionally Deleted

~~The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.~~

~~Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.~~

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a

Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~may~~shall (absent the Rating Agency Condition being satisfied with respect to the Protection Event not occurring) deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand ~~and prior to the Assumption Effective Date, if any,~~ (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder ~~(a "**Guarantor Settlement Statement**")~~[4] .

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such

[4] ~~Given timing, we would appreciate if the parties did not negotiate this form now.~~

Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(A), and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such ~~payments~~amounts paid to ~~the Province~~Beneficiary Payees being "**Subrogation Amounts**"); and[5~~4~~]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the

[5] ~~We thought this section~~[4] **Note:** The Province will be entitled to receive cash flows that would have been required ~~tweaking to reflect the intention of~~to pay Approved Obligations remaining under the payment waterfalls after satisfaction of all Approved Obligations. Further consideration is required in order to ensure these amounts are paid to the ~~parties.~~ Province, despite those amounts not being paid on a "Guarantee Payment Date" (ie. no amount is paid by the Province under the Limited Guarantee on those later Payment Dates, so currently not covered as not arising on a Guarantee Payment Date). Those residual entitlements must be included as "Subrogation Amounts".

Province under subclause 2.01(a)iv(B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(~~iv)(B~~v)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the

Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no

continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by

settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section ~~9.01~~8.01.[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

[6] ~~We made this change to be consistent with the termination clause in section 9.01.~~

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, ~~agrees~~designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions[7]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has ~~provided to the Province all certifications required by~~delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the ~~incurrence of such~~adherence of the Limited Guarantee to the Certified Primary Obligation; and

[7] ~~We would propose that the certification in section 4.02(b) of the Protection Agreement track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province.~~

[8] ~~We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.~~

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the ~~incurrence of a~~adherence of the Limited Guarantee to the Certified Primary Obligation.[9]

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved

[9] ~~This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.~~

Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee ~~shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.~~[10] may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

[10] ~~These changes were made to conform to the latest draft of the Trust Indenture, a copy of which will be circulated soon.~~

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee ~~or~~and subrogee~~, as applicable,~~ of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section ~~2.01.~~7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~ARTICLE VI~~
~~NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED~~[11]

~~6.01 Delivery of Assumption Notice~~

~~Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured permitted to be assumed by their terms (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of such Obligations Secured will be effective (each such date being an "**Assumption Closing Date**").~~[12]

~~[11] Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.~~

~~[12] It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).~~

~~6.02 Cooperation to Implement the Assignment and Assumption~~

~~The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province by the applicable Assumption Closing Date.~~

~~6.03 Effect of Assignment and Assumption~~

~~On the date that the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under such Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom.~~

~~6.04 Interim Period~~

~~Until the effective time of the assignment and assumption of the Obligations Secured referenced in Section 6.01 by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee with respect to those Obligations Secured.~~

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 ~~7.03~~ Representations and Covenants of the Indenture Trustee[13]~~5~~

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII~~ARTICLE VIII~~
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 ~~8.01~~ Suspension Notice

Upon:

(a) a Program Breach;~~ or~~

(b) a default in the performance, or breach, of any covenants ~~or representations of the FSM~~of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with ~~an incurrence or amendment of Primary Obligations~~its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to ~~the FSM~~OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) ~~(c)~~ the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the

[13]~~5~~ **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

[14] ~~We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

form of Exhibit ~~C~~B (a "**Suspension Notice**") ~~to the Province~~ to the Indenture Trustee, the FSM and the Financing Entity.[15]

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 ~~8.02~~ Suspension

If a Suspension Notice has been provided under Section ~~8.01~~7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation incurred[16] or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~. For greater certainty, the rights of the Province under Article VI shall apply in respect of the Obligations Secured referenced in Section 6.01, including if incurred on or after the time such Suspension Notice is delivered.~~[17] (provided that the Refinancing is an Approved Obligation).

7.03 ~~8.03~~ No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ARTICLE VI~~ (provided that the Refinancing is an Approved Obligation).

~~[15] OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.~~

~~[16] We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.~~

~~[17] We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.~~

ARTICLE VIIIARTICLE IX
MISCELLANEOUS

8.01 9.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity
Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust

Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

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

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

~~9.07~~ ~~Intentionally Deleted~~

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of ~~the~~a Certified Primary ~~Obligations~~Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof) divided by the number of months in such Reference Period.

~~"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the applicable Supplemental Indenture or Loan Agreement affected by the assignment and assumption contemplated under Article VI,~~

~~which agreement shall be in substantially the form of assumption agreement set forth in the applicable Supplemental Indenture or Loan Agreement.~~

~~"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that ~~are payment obligations that~~ are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[~~18~~6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[~~19~~7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

[~~18~~6] **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to Torys:** Yes.

[~~19~~] ~~This~~[7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed ~~thereto in the~~to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities ~~*Act* (Ontario)~~Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.[20]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

[20] ~~We are merely conforming this definition to the definition of Indenture Trustee.~~

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

~~"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~a 1992~~an ISDA Master Agreement ~~(Multi-Currency – Cross-Border)~~ as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~21~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

~~21 The definition of Notes is not used in the Agreement.~~

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[~~22~~8]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[~~23~~9]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the

[~~22~~8] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

[~~23~~9] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" ~~means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.[24]~~has the meaning ascribed to the term "refinancing" in the Act as of the date hereof,

as more particularly described and given meaning in the General Regulation as of the date hereof.[10]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

~~24~~10 **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Torys**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

~~[NTD: Blakes to provide draft]~~

~~**EXHIBIT C**~~
~~**SUSPENSION NOTICE**~~

~~**[NTD: Blakes to provide draft]**~~

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on Sunday, December 03, 2017 11:30:57 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/18
Description	TOR_2528-#23239360-v18-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/21
Description	TOR_2528-#23239360-v21-Change_of_Law_Protection_Agreement
Rendering set	standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	126
Deletions	149
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	277

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled ~~and prior to pricing of the term deal~~. **Note to Torys:** Logistics of closing are under consideration.

[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other

subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Proof of Approved Obligations~~Intentionally Deleted

~~The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.~~

~~Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.~~

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a

Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~may~~shall (absent the Rating Agency Condition being satisfied with respect to the Protection Event not occurring) deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the

amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(A), and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such ~~payments~~amounts paid to ~~the Province~~Beneficiary Payees being "**Subrogation Amounts**"); and[4]

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under

[4] **Note:** The Province will be entitled to receive cash flows that would have been required to pay Approved Obligations remaining under the payment waterfalls after satisfaction of all Approved Obligations. Further consideration is required in order to ensure these amounts are paid to the Province, despite those amounts not being paid on a "Guarantee Payment Date" (ie. no amount is paid by the Province under the Limited Guarantee on those later Payment Dates, so currently not covered as not arising on a Guarantee Payment Date). Those residual entitlements must be included as "Subrogation Amounts".

such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(v)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any

amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be

reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and

the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities), Section 7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits), Section 8.14 (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee ~~shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 8.02.~~may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section ~~7.1~~7.10(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[45]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

(b) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

[45] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the ~~adherence~~provision of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the ~~adherence~~provision of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation), by delivering a written notice in the form of Exhibit B (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any

Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that the Refinancing is an Approved Obligation).

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 ~~Intentionally Deleted~~Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies on occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof)[5] divided by the number of months in such Reference Period.

[5] ~~**Note to Province**: MOE should confirm that this captures the limitations contemplated in connection with any "acceleration" under the revised Regulation. Consider whether it is necessary to refer specifically to the Regulation to avoid any disconnect, and to tie in specifically to the context of the acceleration scenario applicable at the time.~~

~~23239360.20~~23239360.21

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

[6] **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to ~~Province:~~** ~~Please advise. We may respond that to extent the draw is a Certified Primary Obligation, we would like to maintain the process set out in this Agreement~~**Torys:** Yes.

[7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed ~~thereto in~~ to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.~~8~~

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

~~8 **Note to Torys:** We have used the definition from NI 51-102 as there is only a definition of "officer" (but not "executive officer") in the OSA. **Note to Province:** Province to confirm that scope is acceptable. In NI 51-102, "Executive officer" means an individual who is (a) a chair, vice-chair or president; (a.1) a chief executive officer or chief financial officer; (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or (c) performing a policy-making function in respect of the issuer". If you prefer, we may use the definition of "officer" from the *Securities Act*. "Officer" means (a) a chair or vice-chair of the board of directors, a chief executive officer, a chief operating officer, a chief financial officer, a president, a vice-president, a secretary, an assistant secretary, a treasurer, an assistant treasurer and a general manager; (b) every individual who is designated as an officer under a by-law or similar authority of the registrant or issuer, and (c) every individual who performs functions similar to those normally performed by an individual referred to in clause (a) or (b).~~

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

~~"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.[98]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[109]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

[98] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.

[109] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[~~11~~10]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

[~~11~~10] **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to ~~Province~~Torys**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. ~~Consider if further discussion is required and MOE to specifically confirm understanding of the Regulation on this point~~We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on Sunday, December 03, 2017 11:39:43 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/20
Description	TOR_2528-#23239360-v20-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/21
Description	TOR_2528-#23239360-v21-Change_of_Law_Protection_Agreement
Rendering set	standard

Legend:	
Insertion	
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Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	55
Deletions	47
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	104

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled ~~and prior to pricing of the term deal~~. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected;

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment[2] of a Funding Obligation, other than any Funding Obligation under which not more than $~~.~~ **[5,000,000]** in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

[2] ~~**Note to Province:** Please confirm that the timing of the delivery of the Process Certificate is satisfactory to you. The Process Certificate is delivered "on or before" incurrence or amendment. If preferable, we can revert back to the prior timing, which was delivery on the earlier of incurrence/ amendment, or pricing.~~

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the ~~then applicable~~ Protection Agreement Maximum~~;~~ applicable on the date that the Process Certificate is delivered;[2] for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

[2] **Note to Torys:** We believe the revision makes clear that OPG is only certifying as to the Protection Agreement Maximum as at the date the Process Certificate is delivered.

3.02 Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection 4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section 7.01]** of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between

the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any

discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes,

bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

Document comparison by Workshare Compare on Sunday, December 03, 2017 11:41:21 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/17
Description	TOR_2528-#23239361-v17-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/18
Description	TOR_2528-#23239361-v18-Change_of_Law_-_Process_Agreement
Rendering set	standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	13
Deletions	15
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	28

From:	Ronald Kwan
To:	John Kim
Subject:	Fwd: EXTERNAL – Fair Hydro -- Protection Event Definition
Date:	Friday, December 01, 2017 9:22:25 AM
Attachments:	ATT00001.htm #24564826v2_TorysAtWork_ - Protection Event Definition.docx ATT00002.htm Blackline_24564826v1 - 24564826v2.pdf ATT00003.htm

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Begin forwarded message:

From: Mike Manning <Mike.Manning@ofina.on.ca>
Date: December 1, 2017 at 9:20:18 AM EST
To: "Malle Hanslep (MOF)" <Malle.Hanslep@ontario.ca>, "Tobias P. Whitfield (MOF)" <Tobias.Whitfield@ontario.ca>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, Anna Strathy <Anna.Strathy@ofina.on.ca>, Gadi Mayman <Gadi.Mayman@ofina.on.ca>, Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: EXTERNAL – Fair Hydro -- Protection Event Definition

For discussion.

Thanks, Mike

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Friday, December 01, 2017 9:09 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Subject: FW: EXTERNAL – Fair Hydro -- Protection Event Definition

Mike:
See some thoughts from Tory's. If you believe it has some traction we should discuss how best to run this by the dealers as this has not been floated by them.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, November 29, 2017 10:31 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina

<nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Ramchandani, Rima <rramchandani@torys.com>

Subject: EXTERNAL – Fair Hydro -- Protection Event Definition

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John and Les, further to our discussion earlier today about the change of law protection agreement and the rating agency/dealer/Osler request to delete the word "materially" from the change of law triggering events – attached is a revised draft of the definition of a Protection Event that removes the word materially while addressing the Province's concern that they don't want a change in some unrelated law or reg to trigger the guarantee (we just moved down some of the general change in law triggers so they only trigger the guarantee if the change actually results in the FE not having sufficient funds to pay obligations when due (so if conservation legislation was passed, that would only trigger a protection event if that law prevented the FE from collecting enough CEA amounts to pay its obligations when due).

As we mentioned on our call, if you want to float an alternative to try and bridge the gap on this point, you could send this to the Province and let them raise it with Osler/the dealers/the rating agencies in their revised draft of the change of law protection agreement as a compromise position. However, as we discussed, I think if some sort of compromise is going to be suggested, it is best coming directly from the Province.

Let us know if you have any questions.

Rima

The following files have been attached to this mail by Workshare Compare...

#24564826v2_TorysAtWork_ - Protection Event Definition.DOCX (WORDX)
Blackline_24564826v1 - 24564826v2.pdf (Adobe Acrobat File)

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

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“Protection Event” means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof; or

(ii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof;

in each case, that adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) (i) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is ultra vires or invalid in a way;

(ii) the Legislature enacts or amends any statute, other than the Act;

(iii) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any “regulation” (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof, other than the regulations made under the Act; or

(iv) the implementation of a change in the organization or structure of the IESO or Ontario’s electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"Protection Event" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof; **or**

~~(ii) the Legislature enacts or amends any other statute;~~

(~~iii~~**ii**) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; ~~or~~

in each case, that adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) **(i)** a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is ultra vires or **invalid in a way;**

(ii) the Legislature enacts or amends any **statute, other than the Act;**

(~~iv~~**iii**) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the Legislation Act, 2006) as in effect on the date hereof~~;~~**, other than the regulations made under the Act; or**

(~~v~~**iv**) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that ~~materially and~~ ~~adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is ultra vires or invalid in a way that materially and~~ adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

Document comparison by Workshare Compare on November-29-17 10:09:57 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24564826/1
Description	#24564826v1<TorysAtWork> - Protection Event Definition
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24564826/2
Description	#24564826v2<TorysAtWork> - Protection Event Definition
Rendering set	Firm_Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	9
Deletions	8
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	27

From:	Mike Manning
To:	Malle Hanslep (MOF); Gadi Mayman; Ken Kandeepan; Anna Strathy; Ronald Kwan
Subject:	Fwd: EXTERNAL – Protection Agreement / Adherence Conditions
Date:	Tuesday, November 21, 2017 4:05:30 PM

Begin forwarded message:

From: LEE John -TREASURY <john.s.lee@opg.com>
Date: November 21, 2017 at 3:40:27 PM EST
To: 'Mike Manning' <Mike.Manning@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: FW: EXTERNAL – Protection Agreement / Adherence Conditions

Mike:

Some thoughts from the dealers.

John

From: Benaiah, Ian [mailto:ian.benaiah@rbccm.com]
Sent: Tuesday, November 21, 2017 3:33 PM
To: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Katrina Niehaus (Katrina.Niehaus@gs.com) <Katrina.Niehaus@gs.com>; Brian Delaney (brian.delaney@gs.com) <brian.delaney@gs.com>; Donnie Persaud (Donnie.Persaud@cibc.com) <Donnie.Persaud@cibc.com>; Adalja, Sunil (Sunil.Adalja@cibc.com) <Sunil.Adalja@cibc.com>; Maciel, Andrew (Andrew.Maciel@cibc.com) <Andrew.Maciel@cibc.com>; Khan, Nur <nur.khan@rbccm.com>; Taylor, Brent R <brent.r.taylor@rbccm.com>
Subject: EXTERNAL – Protection Agreement / Adherence Conditions

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John – We have spent considerable time on the Change of Law Protection Agreement (the "Protection Agreement") to ensure that its benefits can easily be identified and understood by investors. The robustness of the Protection Agreement is critical for obtaining optimal ratings, and the marketability of the warehouse and term debt transactions. Here are our collective thoughts on the concepts of having Adherence Conditions and a suspension right in the Protection Agreement:

<!--[if !supportLists]-->• <!--[endif]-->Investors need certainty that when they invest in the Financing Entity, they have the protection of the change of law agreement for any amounts owing under the terms of their debt

<!--[if !supportLists]-->• <!--[endif]-->It is important for all creditors of the Financing Entity to have the benefit of the Protection Agreement to ensure that there is no misalignment between different groups of creditors

<!--[if !supportLists]-->• <!--[endif]-->Under the current draft, Financing Entity obligations are only protected under the Protection Agreement if they satisfy the "Adherence Conditions"

<!--[if !supportLists]-->• <!--[endif]-->The concept of having any Adherence Conditions makes it uncertain when something is covered; for example, the current draft provides that OPG has to deliver a certificate for some subset of obligations (the scope of that subset of obligations is still an open point in the draft)

<!--[if !supportLists]-->• <!--[endif]-->Even if we could get 100% clarity on when a certificate is required to be delivered in order for an obligation to be protected, the dealers have to rely on OPG delivering that certificate and there is concern that a certificate may not always be delivered

<!--[if !supportLists]-->• <!--[endif]-->Essentially, Adherence Conditions make it impossible to be certain that obligations are or aren't covered under the Protection Agreement

The proposal we shared this morning was designed to give investors (and all creditors) of the Financing Entity assurance that obligations are protected while maintaining the Province's oversight over the program. We should also point out that with respect to the right to suspend the application of the Protection Agreement, its effect on refinancing the warehouse must be addressed.

Thanks, Ian

Ian Benaiah | Director, Securitization Finance | RBC Capital Markets | TEL: 416.842.3820 | FAX: 416.842.3888 | ian.benaiah@rbccm.com

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From: Ken Kandeepan
To: Gadi Mayman; Mike Manning; Ronald Kwan; Anna Strathy; Carlos Yep; James Devine
Subject: Fwd: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date: Thursday, November 09, 2017 6:49:02 AM
Attachments: #46682211v3_LEGAL_1_-_Change of Law Protection Agreement.docx
ATT00001.htm
Compare.pdf
ATT00002.htm
#46684849v3_LEGAL_1_-_Change of Law Process Agreement.DOCX
ATT00003.htm
Compare.pdf
ATT00004.htm

For the meeting today

Thanks

Ken k

Begin forwarded message:

From: LEE John -TREASURY <john.s.lee@opg.com>
Date: November 9, 2017 at 2:52:50 AM EST
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: RYFA Ken -TREASURY <ken.ryfa@opg.com>, LADAK Lubna -TREASURY <lubna.ladak@opg.com>, MAUTI John -FIN & C CTRL <john.mauti@opg.com>, "LAURETA LAPIRA May -TREASURY" <may.lapira@opg.com>, LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: Fwd: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

As requested

Sent with BlackBerry Work (www.blackberry.com)

From: "Sebastiano, Rocco" <RSebastiano@osler.com>
Sent: Nov 9, 2017 2:12 AM
To: "Ramchandani, Rima" <rramchandani@torys.com>; "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>; JON.VINER@blakes.com; JA.PRESTAGE@blakes.com; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: "Feldman, Michael" <mfeldman@torys.com>; "Mansoori, Nina" <nmansoori@torys.com>; "Saulnier, Brett" <bsaulnier@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; "Milligan, Peter" <PMilligan@osler.com>; "Fullerton, Rick" <RFullerton@osler.com>; "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>; "Adalja, Sunil" <Sunil.Adalja@cibc.com>; "Maciel, Andrew" <Andrew.Maciel@cibc.com>; "'Benaiah, Ian'" <ian.benaiah@rbccm.com>; "'Khan, Nur (nur.khan@rbccm.com)'" <nur.khan@rbccm.com>; "'brent.r.taylor@rbccm.com'" <brent.r.taylor@rbccm.com>; "Niehaus, Katrina" <Katrina.Niehaus@gs.com>; "Delaney, Brian" <Brian.Delaney@gs.com>; "Conner, Robbin" <Robbin.Conner@gs.com>
Subject: EXTERNAL – RE: Change of Law Protection Agreement and Change of Law Process Agreement

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Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.

The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.

Regards, Rocco?????
[cid:image001.gif@01D358FE.53C31E30]

Rocco Sebastiano
Partner

416.862.5859

DIRECT

416.862.6666

FACSIMILE

rsebastiano@osler.com

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

[cid:image002.gif@01D358FE.53C31E30]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.osler.com-252F-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257Cabe6ff3131a64b7ae4dd08d52741018d-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636458083400295201-26sdata-3DmRjGx-252BUUa3bVQCqwTcdPwHEUpB-252FG8-252FeLD0tIL33rZOo-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=TB284enhW9TDXv41kUcZXv1iZ93rrcPG-0qBrxckFeY&s=bWJbuBRlvmjXithHlGfb_S07BYO__GhnpGveRNbzew0&e= >

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Hill, Krista <khill@torys.com<mailto:khill@torys.com>>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; tom.mckinlay@ontario.ca<mailto:tom.mckinlay@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; VINER, JON

<JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

_____

[cid:imageb23443.GIF@edc8812c.40a5c483]

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blakes.com<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.blakes.com-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257Cabe6ff3131a64b7ae4dd08d52741018d-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636458083400295201-26sdata-3D6JybI0Fd9bYlnUwsc3-252FSSBcJsPyif2pFXoHM3Rirsfw-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=TB284enhW9TDXv41kUcZXv1iZ93rrcPG-0qBrxckFeY&s=bsYt2Us6kVE7C0v7agm60eKFBcYn5flSZgUHheeemZs&e= > | Twitter<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Ftwitter.com-252FBlakesLaw-252F-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257Cabe6ff3131a64b7ae4dd08d52741018d-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636458083400295201-26sdata-3DenyiJgDJoVJOdNB0Rk45uRy0amQRyduyJubu-252B-252Fk87gQ-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=TB284enhW9TDXv41kUcZXv1iZ93rrcPG-0qBrxckFeY&s=Bu-HhJdDpsag2VP4xGs87Qgrd_AJI2qrQt4RZmu04co&e= > | Unsubscribe<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Fwww.blakes.com-252FEnglish-252FResources-252FBulletins-252FPages-252Funsubscribe.aspx-26data-3D02-257C01-257Cjohn.s.lee-2540opg.com-257Cabe6ff3131a64b7ae4dd08d52741018d-257C962f21cf93ea449f99bf402e2b2987b2-257C0-257C0-257C636458083400295201-26sdata-3D6WT0PKhI84GuqOSyGxmFRE1haJjLELvz6-252BmkYpltRqQ-253D-26reserved-3D0&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=TB284enhW9TDXv41kUcZXv1iZ93rrcPG-0qBrxckFeY&s=iGioGXs1OfZRyLUJEd0FhiGIefVpY8uX8t4lmU5wkvU&e= >

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

FAIR HYDRO TRUST, BY ITS MANAGER, ONTARIO POWER GENERATION INC.

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Ontario Power Generation Inc., as the Manager and in its capacity as Manager of Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc. in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee and in its capacity as trustee for the Beneficiaries in accordance with the Trust Indenture, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The FSM, as agent of the Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

The FSM and the Province will concurrently enter into the Process Agreement, under which the FSM will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor, except in each case as referenced in the definition of Protection Event;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.03 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture.

1.04 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province upon performance by the Province of the Primary Obligation. To the extent of any conflict between this Agreement and the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail.

1.05 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.06 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.07 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.08 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.09 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.10 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.11 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.12 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.13 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.14 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.15 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.16 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.17 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to the Financing Entity, such reference shall

be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the FSM as agent for the Financing Entity Trustee (in its capacity as trustee of the Financing Entity). **[NTD: Discuss whether the Financing Entity Trustee should be a party to this Agreement and references to the Financing Entity Trustee re-inserted into this section and others.]**

1.18 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the Approved Obligations owing from time to time by the Financing Entity to the Indenture Trustee as and when they become

due and payable[1]. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts owing by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[2], in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, in each case by the Province depositing or causing the deposit of the applicable payment amount into the Protection Account 5 Business Days prior to the fifteen day of each calendar month (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages.

2.02 <u>Gross-up</u>

All amounts payable by the Province under this Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Province is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Province shall deposit into the Protection Account such additional amount as is necessary to ensure that the Indenture Trustee receives (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise due and payable in respect

[1] Consider mechanics for notifying the Province regarding the specific amounts payable and their due dates. Consider attaching a detailed schedule of payments under the Payment Demand and the respective due date of each payment.

[2] Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations", which in turn relies on the definition of Primary Obligations. The connection between a Primary Obligations and an "investment interest" is therefore crucial. Blakes is considering how to more precisely connect these concepts.

of the related Approved Obligation, net of any such taxes, charges, fees, levies, duties or withholdings.

2.03 Absence of Set-off

The Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture as if it were an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Protection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation. Upon a payment having been made by or on behalf of the Province into the Protection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable under the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[3].

[3] Consider how Beneficiary rights under Obligations Secured will be amended under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a corresponding provision should appear in the Trust Indenture and each other contract under which the Obligation Secured arises, to the effect that the Beneficiaries will be deemed to be bound by the agreement of the Indenture Trustee under this Agreement. Please see our addition

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety. **[NTD: Further consideration required as to whether there should be a waiver of any other equitable defences.]**

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

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in Section 9.08. The Specified Creditors already make the necessary acknowledgement in Article 5 of the Trust Indenture. Isn't this also addressed in section 1.03 above?

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations and termination of the Trust Indenture, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) **[NTD: already covered in process certificate in section 3.01 of the Process Agreement]**

(c) **[NTD: already covered under Process Agreement.]**

(d) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided in OPG's capacity as FSM) and addressed to the Indenture Trustee, one Business Day prior to the earlier of (i) one Business Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), confirming that the FSM has delivered to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement; and

(e) **[NTD: This is more properly dealt with in Section 8.02 of this Agreement.]**.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation:

i. to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or

ii. **[as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI,] [NTD: This requires further discussion depending on the terms of the assignment and assumption agreement. If the Obligations Secured are assigned and assumed by the Province under Article VI, how would the Province be subrogated and entitled to the Beneficiary's rights and interests under the Approved Obligation? Consider limiting the application of this section 5.01 to the Limited Guarantee.]**

the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. Subject to Section 5.01(b), the Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture) under such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. Subject to Section 5.01(b), the Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including, if applicable, as a Noteholder) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) the Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province will be a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]**, (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to

further assure the priority arrangements provided for in **[Article VI and Sections 7.04 and 8.13 of the Trust Indenture]**, (iii) appoints the Indenture Trustee as its agent for any and all such purposes, and (iv) confirms that the Indenture Trustee shall send notices to the Province in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Voting Rights under "Outstanding Notes"

[Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[4]:

(a) **Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and**

(b) **in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.] [NTD: To be discussed. Giving these voting rights to the Province may affect the marketability of the debt under this program.]**

5.04 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a

[4] This concept needs to be reflected in the Trust Indenture. This requires further discussion (see NTD above).

Finance Amount.[5] **[NTD: Discussion required as to how these repayments will be dealt with under the MTI, and in particular, under the waterfall provisions.]**

5.05 Representations and Warranties

The Province hereby represents and warrants that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any applicable law;

(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations hereunder; and

(d) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[6]

[5] General Regulation to be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE.

[6] Further details regarding obtaining of third party consents and rating agency approvals to be considered.

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead be primary obligor under the Obligations Secured. **[NTD: Need to move Article VI of the Change of Law Process Agreement into this Article VI and amend accordingly. Also, we will need to attach the form of Assumption Agreement as an Exhibit to this Agreement that will be used for the assignment and assumption of all Obligations Secured. Contrary to the statement in Section 6.02(f) of the Change of Law Protection Agreement, there will not be a separate form of Assumption Agreement for each Obligation Secured.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution,

delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

[Note: Any right to such matters will be the general rights of Specified Creditors as set out in the Trust Indenture.]

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**"):

(a) shall be provided by the Province to the Indenture Trustee promptly following the occurrence of a Program Breach; and

(b) may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), this Change of Law Protection Agreement shall not apply in respect of any new Primary Obligation following the date of such Suspension Notice. **[NTD: Deletion of "or additional" is address the situation where a then current Primary Obligation requires an additional Primary Obligation in accordance with its terms of the MTI.]**

8.03 Termination Notice

On the occurrence of a Suspension Event, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**"). Upon the delivery of such Termination Notice, the Province shall assume the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI **[NTD: If the Province terminates the program, it must assume the obligations of the Financing Entity.]**

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations

in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with this Agreement.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the **[later]** of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and the Trust Indenture has been terminated;

(b) **[subject to Section 8.04,] [NTD: Should this clause subject to section 8.04?]** following receipt of a Termination Notice from the Province by the Indenture Trustee, the FSM and the Financing Entity, the Assumption Effective Date being the date that the Province has assumed the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI; and

(c) **[subject to Section 8.04,] [NTD: Should this clause subject to section 8.04?]** following receipt of an Assumption Notice from the Province by the Indenture Trustee, the Assumption Effective Date being the date that the Province has assumed the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement and all such Persons who are Beneficiaries derive their rights exclusively through the Indenture Trustee and such rights are subject to the provisions applicable to Specified Creditors in the Trust Indenture. **[NTD: Consider merging this section 9.08 with section 1.03.]**

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:

By: _____
Name:
Title:

FAIR HYDRO TRUST, BY ITS MANAGER, ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[7] in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" has the meaning ascribed thereto in the Process Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

[7] Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.

these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured that is a Funding Obligation or otherwise constitutes a Finance Amount.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and the FSM.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means **[an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture] or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.] [NTD: To be discussed.]**

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, **[NTD: Further discussion required as to whether the Province controls the OEB for purposes of a Protection Event.]**

in each case, that adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction (i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (ii) issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

~~**[FINANCING ENTITY TRUSTEE] IN ITS CAPACITY AS TRUSTEE OF THE [FINANCING ENTITY]**~~

FAIR HYDRO TRUST, BY ITS MANAGER, ONTARIO POWER GENERATION INC.

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

~~**[NAME OF INDENTURE TRUSTEE]**~~**BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE**

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), ~~**[FINANCING ENTITY TRUSTEE]***~~Ontario Power Generation Inc.*, as the ~~Financing Entity Trustee~~Manager and in its capacity as ~~trustee of the **[FINANCING ENTITY]**~~Manager of Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc. in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and ~~**[INDENTURE TRUSTEE]**~~BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee and in its capacity as trustee for the Beneficiaries in accordance with the Trust Indenture, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the ~~FSM established the~~ Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The ~~trustee~~FSM, as agent of the ~~Financing Entity in its capacity as~~ Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

~~OPG~~The FSM and the Province will concurrently enter into the Process Agreement, under which ~~OPG~~the FSM will agree to perform certain related activities and to provide certain

assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, ~~the Financing Entity Trustee,~~ the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor, except in each case as referenced in the definition of Protection Event;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same

may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

~~1.02 Trustee to act in accordance with the Trust Indenture~~

~~Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.~~

1.02 ~~1.03~~ Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.03 ~~1.04~~ Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture. ~~No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.~~

1.04 ~~1.05~~ Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other ~~agreement~~Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province upon performance by the Province of the Primary Obligation. To the extent of any conflict between this Agreement and the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail.

1.05 ~~1.06~~ Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.06 ~~1.07~~ Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.07 ~~1.08~~ Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.08 ~~1.09~~ Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.09 ~~1.10~~ Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.10 ~~1.11~~ Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.11 ~~1.12~~ Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.12 ~~1.13~~ Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.13 ~~1.14~~ Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.14 ~~1.15~~ Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.15 ~~1.16~~ Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such

yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.16 ~~1.17~~ Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.17 ~~1.18~~ References to Acts of the Financing Entity ~~Trustee~~

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity ~~or the Financing Entity Trustee, as trustee of the Financing Entity,~~ is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to ~~(i)~~ the Financing Entity ~~or (ii) the Financing Entity Trustee~~, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the FSM as agent for the Financing Entity Trustee (in its capacity as trustee of the Financing Entity~~,~~). **[NTD: Discuss whether the Financing Entity Trustee should be a party to this Agreement and references to the Financing Entity Trustee re-inserted into this section and others.]**

1.18 ~~1.19~~ Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or

so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the ~~Financing Entity~~Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the Approved Obligations owing from time to time by the Financing Entity to the Indenture Trustee as and when they become due and payable~~, without Acceleration~~[1]. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation ~~(without Acceleration)~~ in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts owing by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[2], in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, ~~as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation,~~ in each case by the Province depositing or causing the deposit of the applicable payment amount into the ~~Collection~~Protection Account 5 Business Days prior to the fifteen day of each calendar month (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation~~, including (i) any amounts that are or become payable as a~~

[1] Consider mechanics for notifying the Province regarding the specific amounts payable and their due dates. Consider attaching a detailed schedule of payments under the Payment Demand and the respective due date of each payment.

[2] Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations", which in turn relies on the definition of Primary Obligations. The connection between a Primary Obligations and an "investment interest" is therefore crucial. Blakes is considering how to more precisely connect these concepts.

result of the exercise of an option of the Financing Entity following a Protection Event, and (ii) amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account or a Supplemental Reserve Account.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

2.02 Gross-up

[All amounts payable by the Province under this Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Province is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Province shall deposit into the CollectionProtection Account such additional amount as is necessary to ensure that the Indenture Trustee receives (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise due and payable in respect of the related Approved Obligation, net of any such taxes, charges, fees, levies, duties or withholdings.][3]

2.03 Absence of Set-off

The Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into CollectionProtection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited

[3] Under consideration.

thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture as if it were an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the ~~Collection~~Protection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation.[4] Upon a payment having been made by or on behalf of the Province into the ~~Collection~~Protection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable under the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid~~5~~3.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

[4] ~~This will need to operate in tandem with the Trust Indenture waterfall. The idea is that the Approved Obligations may not necessarily follow the sequence of the "payment waterfall" included in the Trust Indenture, and so amounts from the Province would need to operate independently.~~

~~5~~3 Consider how Beneficiary rights under Obligations Secured will be amended under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a corresponding provision should appear in the Trust Indenture and each other contract under which the Obligation Secured arises, to the effect that the Beneficiaries will be deemed to be bound by the agreement of the Indenture Trustee under this Agreement. Please see our addition in Section 9.08. The Specified Creditors already make the necessary acknowledgement in Article 5 of the Trust Indenture. Isn't this also addressed in section 1.03 above?

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety. **[NTD: Further consideration required as to whether there should be a waiver of any other equitable defences.]**

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations and termination of the Trust Indenture, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03~~)~~.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements ~~and this Agreement~~, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine~~,provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained~~.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if ~~(a)~~ the Adherence Conditions applicable thereto have been satisfied~~; or (b) the Province has specifically approved in writing the particular terms, conditions and documentation for the Primary Obligation~~.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments[6] under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not exceed the Protection Agreement Maximum;**[NTD: already covered in process certificate in section 3.01 of the Process Agreement]**

(c) the FSM delivers a notice to the Indenture Trustee, with a copy to the Province, one Business Day prior to the incurrence or any amendment of the Primary Obligation, setting out the Protection Agreement Maximum;**[NTD: already covered under Process Agreement.]**

(d) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided in OPG's capacity as FSM) and addressed to the Province and the Indenture Trustee, one Business Day prior to the earlier of (i) one Business Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to the Primary Obligation:

i. confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation (if any), together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not and will not exceed the Protection Agreement Maximum; andii. confirmation that confirming that the FSM has delivered to the Province a certificateProcess Certificate in accordance with Section **[3.01]** of the Process Agreement confirming, among other things, that the transaction documents in respect of the Primary Obligation are in substantially the form of the documentation reviewed by the Province; and

(e) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms**[NTD: This is more properly dealt with in Section 8.02 of this Agreement.]**.

[6] Use of the concept of "repayments" under the OFHPA for this purpose is under consideration.

4.03 Evidence of Satisfaction

A closing certificate ~~signed by at least two executive officers of OPG~~delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
~~RIGHTS OF THE~~ PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation:

i. ~~(a)~~ to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or

ii. ~~(b)~~ **[as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI,] [NTD: This requires further discussion depending on the terms of the assignment and assumption agreement. If the Obligations Secured are assigned and assumed by the Province under Article VI, how would the Province be subrogated and entitled to the Beneficiary's rights and interests under the Approved Obligation? Consider limiting the application of this section 5.01 to the Limited Guarantee.]**

the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. ~~The~~Subject to Section 5.01(b), the Province shall have and be entitled to enforce all rights and interests (including as a ~~secured party~~Specified Creditor under the Trust Indenture) under such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. ~~The~~Subject to Section 5.01(b), the Indenture Trustee shall recognize the Province as being entitled to all

of the rights, interests and entitlements of the Beneficiary (including, if applicable, as a Noteholder) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) the Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province will be a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]**, (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in **[Article VI and Sections 7.04 and 8.13 of the Trust Indenture]**, (iii) appoints the Indenture Trustee as its agent for any and all such purposes, and (iv) confirms that the Indenture Trustee shall send notices to the Province in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Voting Rights under "Outstanding Notes"

[Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[74]:

(a) **Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and**

(b) **in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken**

[74] This concept needs to be reflected in the Trust Indenture. This requires further discussion (see NTD above).

any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.] [NTD: To be discussed. Giving these voting rights to the Province may affect the marketability of the debt under this program.]

5.04 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[85] **[NTD: Discussion required as to how these repayments will be dealt with under the MTI, and in particular, under the waterfall provisions.]**

5.05 Representations and Warranties

The Province hereby represents and warrants that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any applicable law;

(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations hereunder; and

(d) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms.

[85] General Regulation to be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[96]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead be primary obligor under the Obligations Secured. **[NTD: Need to move Article VI of the Change of Law Process Agreement into this Article VI and amend accordingly. Also, we will need to attach the form of Assumption Agreement as an Exhibit to this Agreement that will be used for the assignment and assumption of all Obligations Secured. Contrary to the statement in Section 6.02(f) of the Change of Law Protection Agreement, there will not be a separate form of Assumption Agreement for each Obligation Secured.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity

[96] Further details regarding obtaining of third party consents and rating agency approvals to be considered.

Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

~~7.04 Release of all Collateral~~

~~(a) The Indenture Trustee shall not execute instruments to release Collateral from the Security Interest of the Trust Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, unless and until the rights and interests of the Province under Section 5.01 or otherwise as an assignee of any of the Obligations Secured or as a subrogee have been satisfied in full and the Province has no continuing obligations under this Agreement.~~

~~(b) The Province shall be entitled to receive at least 10 Business Days' written notice when the Indenture Trustee proposes to take any action pursuant to Subsection 7.04(a), accompanied by copies of any instruments involved.~~

~~7.05 Right to Notice and Attend Meetings~~

~~The Financing Entity shall ensure that the Province receives advance notice of any meeting or proposed written resolution of Specified Creditors (or any of them) and the Province and its legal advisers shall be permitted to attend and be represented at any meeting of such Specified Creditors.~~

[Note: Any right to such matters will be the general rights of Specified Creditors as set out in the Trust Indenture.]

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**"):

(a) shall be provided by ~~the FSM or~~ the Province to the Indenture Trustee promptly following the occurrence of a Program Breach; and

(b) may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), ~~the Financing Entity shall not incur any new or additional Obligation Secured and shall not amend or terminate any existing Obligation Secured except with the prior written consent of the Province.~~this Change of Law Protection Agreement shall not apply in respect of any new Primary Obligation following the date of such Suspension Notice. **[NTD: Deletion of "or additional" is address the situation where a then current Primary Obligation requires an additional Primary Obligation in accordance with its terms of the MTI.]**

8.03 Termination Notice

On the occurrence of a Suspension Event, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**"). Upon the delivery of such Termination Notice, the Province shall assume the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI **[NTD: If the Province terminates the program, it must assume the obligations of the Financing Entity.]**

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish

the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with this Agreement.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the **[later]** of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and the Trust Indenture has been terminated;

(b) **[subject to Section 8.04,] [NTD: Should this clause subject to section 8.04?]** following receipt of a Termination Notice from the Province by the Indenture Trustee, the FSM and the Financing Entity, the Assumption Effective Date being the date that the Province has assumed the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI; and

(c) ~~(b) the date that a Termination Notice is received~~**[subject to Section 8.04,] [NTD: Should this clause subject to section 8.04?]** following receipt of an Assumption Notice from the Province by the Indenture Trustee, the ~~FSM and~~Assumption Effective Date being the date that the Province has assumed the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

~~[Financing Entity]~~

~~c/o~~ *~~Ontario Power Generation Inc.~~*

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

~~[Financing Entity Trustee]~~Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for ~~[Financing Entity]~~
~~[Address]~~Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 ~~Force Majeure~~Intentionally Deleted

~~In no event shall the Indenture Trustee or the Financing Entity Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Financing Entity Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.~~

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement and all such Persons who are Beneficiaries derive their rights exclusively through the Indenture Trustee and such rights are subject to the provisions applicable to Specified Creditors in the Trust Indenture. **[NTD: Consider merging this section 9.08 with section 1.03.]**

9.09 ~~9.08~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:
By: _____
Name:
Title:

~~**[FINANCING ENTITY TRUSTEE], IN**~~**FAIR HYDRO TRUST, BY ITS** ~~**CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]**~~**MANAGER, ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

~~**[INDENTURE TRUSTEE]**~~**BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL**

CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[10]7 in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

~~["**Administrative Agent**" means OPG, in its capacity as administrative agent of the Financing Entity under the Administrative Services Agreement.]~~

~~["**Administrative Services Agreement**" means the administrative services agreement dated [■], 2017 between the Financing Entity and the Administrative Agent concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Financing Entity.]~~[11]

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" ~~means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of OPG under the Process Agreement; or (b) any representation or warranty made by OPG, any certification made by OPG under the Process Agreement, or any certification made by OPG in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM, the Administrative Agent or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM, the Administrative Agent or the Manager~~ has the meaning ascribed thereto in the Process Agreement.

[10]7 Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.

[11] ~~Note: To be confirmed if required.~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~"~~**Collection Account**~~" ~~has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "~~I~~investment ~~I~~interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

~~[~~"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.~~]~~

~~[~~"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.~~]~~[12]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO~~, and acknowledged and accepted by the Indenture Trustee~~.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

[12] ~~Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.~~

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured that is a Funding Obligation~~, other than (a) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; and (b) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account~~ or otherwise constitutes a Finance Amount.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and ~~OPG~~the FSM.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture~~ as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Program Breach**" means **[an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture] or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.] [NTD: To be discussed.]**

"**Protection ~~Agreement Maximum"~~ ~~means the dollar amount determined by the Province and of which OPG is provided notice in accordance with the Process Agreement.~~Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, **[NTD: Further discussion required as to whether the Province controls the OEB for purposes of a Protection Event.]**

in each case, that ~~materially and~~ adversely affects (a) the ability of the Financing Entity to receive amounts ~~on~~in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction (i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that ~~materially and~~ adversely affects the ability of the Financing Entity~~'s receipt of~~ to receive amounts in respect of its Investment Interest ~~and~~so that it can pay Obligations Secured, or (ii) issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

~~"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager for the Financing Entity in accordance with the Act, is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[1]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, the FSM provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to the FSM that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations the FSM has agreed to perform and assurances the FSM has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the FSM, and of the Province in accordance with the Act, have been done.

[1] Note: This draft only addresses the first Financing Entity. If additional financing entities are established, revisions to this Agreement may be made at that time, in context. Any additional financing entities contemplated should be as contemplated in the Financing Plan.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor, except in each case as referenced in the definition of Protection Event;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the FSM, as agent of the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.01 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF THE FSM

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, the FSM shall deliver to the Province a copy of the initial Financing Plan. Thereafter, the FSM shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, the FSM shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, the FSM shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) Promptly upon request, the FSM shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) The FSM shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; or

(B) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) The FSM shall use commercially reasonable efforts:

(i) to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto; and

(ii) to, after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail. For clarity, OPG's obligations under this Agreement are solely in its capacity as the FSM.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

The FSM shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of the FSM (or their respective designees, provided that such designees are also executive officers of the FSM) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation, and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and

coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments shall not include any payments or outstanding amounts due or becoming dues in the future in respect of any Primary Obligations arising under or in connection with a Derivative Agreement.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the certificate referred to in Subsection 4.02(d) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to the FSM; and

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to the FSM.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that would be adverse to the Issuer, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) [Not less than [■] Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum which shall be based on the Initial Forecast.

(b) Not more than [■] Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province shall confirm its agreement with the initial Protection Agreement Maximum or if the Province does not agree with the determination of the initial Protection Agreement Maximum, which disagreement may only be on the basis that the Initial Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will discuss and address any inaccuracies in the Financing Plan to the reasonable satisfaction of both parties, and the initial Protection Agreement Maximum will be revised accordingly.]

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum based on such Forecast.

(d) Not more than [■] Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province shall confirm its agreement with the revised Protection Agreement Maximum or if the Province does not agree with the determination of the revised Protection Agreement Maximum, which disagreement may only be on the basis that the further Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will discuss and address any inaccuracies in the Financing Plan to the reasonable satisfaction of both parties, and the revised Protection Agreement Maximum will be revised accordingly.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of the FSM

The FSM represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, shall use commercially reasonable efforts

to cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation of the Financing Entity enforceable against the Financing Entity in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(d) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(e) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement does not and will not result in a violation of any applicable law;

(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations hereunder; and

(d) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms.

ARTICLE VI
ELECTION TO ASSUME APPROVED OBLIGATIONS[2]

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to the FSM a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to the FSM (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to the FSM, the FSM shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be

[2] Note to Province/Blakes: Article 6 to be moved and merged with Article 6 of the Change of Law Protection Agreement with appropriate revisions. It is more appropriate in that agreement. See also the comments in Article 6 of the Change of Law Protection Agreement.

considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) the form of Assumption Agreement in respect of the assignment and assumption of all Obligations Secured is attached as Exhibit E to the Change of Law Protection Agreement.[3]

6.03 Settlement of Terms

Within 20 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

6.04 Cooperation to Implement the Assignment and Assumption

The FSM shall cooperate with the Province and will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.[4]

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, the FSM will use commercially reasonable efforts to cause the Financing Entity to, use commercially reasonably efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any

[3] Note to Province: A form of global Assumption Agreement for all Obligations Secured is required. It is impractical to have an assumption agreement for each type of Obligation Secured.

[4] Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.

acceleration of future fees, profits or other like amounts; provided that, this Section 6.05 shall not apply to any Obligations Secured under a Derivative Agreement.[5]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of the FSM under this Agreement which continues for sixty (60) days after written notice by the Province to the FSM of such default or breach;

(b) any representation or warranty made by the FSM in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within sixty (60) days after written notice by the Province to the FSM of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager. **[NTD: The FSM is a statutory role and OPG can only be removed as FSM by the Province.]**

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to the FSM, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

[5] Note: The Trust Indenture will need to include a clause providing that the obligations of the Financing Entity to the Indenture Trustee and the Noteholders may be assigned to the Province in accordance with an assumption agreement, substantially in the form set out in an exhibit to the Trust Indenture. **[NTD: The form of Assumption Agreement shall be an exhibit to the Change of Law Protection Agreement (consistent with our comment to move Article 6 here to the Change of Law Protection Agreement). We will add the following to the MTI to otherwise address your comment: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured pursuant to Sections 5.01(f) and 5.03(b) of the MTI, and (ii) we will add language in section 11.01 of the MTI that allows the Indenture Trustee to enter into the global Assumption Agreement without the consent of Specified Creditors.]**

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Intentionally Deleted[6]

8.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

[6] To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province. **[NTD: The existence and details of this Agreement and the Change of Law Protection Agreement cannot be confidential. It will need to be disclosed to the Rating Agencies and to potential investors.]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC., SOLELY AS FINANCIAL SERVICES MANAGER TO THE FINANCING ENTITY

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

FAIR HYDRO TRUST, BY ITS MANAGER, ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture)

governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**"), as Financial Services Manager for the Financing Entity in accordance with the Act, is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, ~~the FSM established~~ the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[1]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, ~~OPG~~the FSM provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to ~~OPG~~the FSM that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations ~~OPG~~the FSM has agreed to perform and assurances ~~OPG~~the FSM has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of ~~OPG~~the FSM, and of the Province in accordance with the Act, have been done.

[1] Note: This draft only addresses the first Financing Entity. If additional financing entities are established, revisions to this Agreement may be made at that time, in context. Any additional financing entities contemplated should be as contemplated in the Financing Plan.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor, except in each case as referenced in the definition of Protection Event;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity ~~or the Financing Entity Trustee~~

For greater certainty, each reference to the Financing Entity ~~or to the Financing Entity Trustee~~ shall be construed as a reference to the FSM, as agent of the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.01 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF ~~OPG~~THE FSM

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, ~~OPG~~the FSM shall deliver to the Province a copy of the initial Financing Plan. Thereafter, ~~OPG~~the FSM shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

~~(b) Unless the Financing Entity is subject to the PILs Regime, not less than 15 Business Days prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province an analysis and assessment of the tax position of the Financing Entity. In addition, OPG shall promptly deliver written notice to the Province of any change in the Financing Entity's eligibility status under the PILs Regime and an analysis and assessment of any material change in the tax position of the Financing Entity.~~

(b) ~~(c)~~ Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, ~~OPG~~the FSM shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional ~~of~~or replacement Transaction Document.

(c) ~~(d)~~ Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, ~~OPG~~the FSM shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) ~~(e)~~ Promptly upon request, ~~OPG~~the FSM shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

~~(f) OPG shall, as the FSM, cause the Financing Entity to deliver to the Province copies of the Financing Entity's annual tax returns (if any) and any related tax assessments not more than 10 Business Days after such a tax return or tax assessment is required to be filed under applicable law.[2]~~

~~[2] Note: The tax documents to be provided to the Province are under consideration.~~

2.02 Covenants

(a) ~~OPG~~The FSM shall~~, as the FSM,~~ use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not~~, without the prior written consent of the Province~~:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; or

~~(B) consent to the resignation of (1) the Administrative Agent under the Administrative Services Agreement; or (2) the Manager under the Management Agreement;~~

~~(C) consolidate or merge with or into any other Person;~~

(B) ~~(D)~~ permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired~~;~~

~~(E) permit any Lien (other than the Security Interest) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;~~

~~(F) sell, transfer, exchange or otherwise dispose of any of the Collateral, other than as expressly permitted by the Trust Indenture;~~

~~(G) release any security or guarantee in respect of the Collateral other than as expressly permitted by the Trust Indenture; or(H) voluntarily dissolve or liquidate~~.

(b) ~~OPG~~The FSM shall use commercially reasonable efforts:

(i) ~~comply, and as the FSM~~to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;, and

~~(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation;~~

(ii) ~~(iii)~~ to, after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under ~~this~~*the Change of Law Protection* Agreement would be accelerated~~, delayed or otherwise affected; and~~.

~~(iv) ensure that any disclosure (including any Disclosure Document, press release or other written communication intended for dissemination to third parties) that refers to or describes the terms, effect or adherence of or to this Agreement or *the Change of Law Protection* Agreement will be subject to the prior review of the Province and such disclosure will not be made (and any such Disclosure Document shall not be used and any such press release or other written communication shall not be issued) without the prior written consent of the Province, in each case unless such disclosure is substantially the same as a disclosure previously made and for which the Province had previously provided its written consent under this Subsection 2.02(b)(iv).~~

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail. For clarity, OPG's obligations under this Agreement are solely in its capacity as the FSM.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

~~OPG~~The FSM shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of ~~OPG~~the FSM (or their respective designees, provided that such designees are also executive officers of ~~OPG~~the FSM) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation,

and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment ~~and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the Primary Obligation~~, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments shall not include any payments or outstanding amounts due or becoming dues in the future in respect of any* Primary Obligations arising *under or in connection with a Derivative Agreement.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the certificate referred to in Subsection 4.02(d~~)(ii~~) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to ~~OPG~~the FSM; and

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(~~c~~b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to ~~OPG~~the FSM.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation that would be adverse to the Issuer, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation;~~(b) with respect to the Reviewed Documentation referred to in clauses (v) to (ix) of the definition of "Transaction Documents", and, where applicable, clauses (x) and (xi) of the definition of "Transaction Documents" as the context requires, that the~~ provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are ~~as~~ reasonably contemplated in the Reviewed Documentation, ~~as to the type, scope and extent of the~~* ~~Primary Obligations arising~~ *~~thereunder and as to the timing, conditions and circumstances in which payment obligations under such Primary Obligations may arise, but without regard to~~including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) ~~(c)~~ with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document

complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

~~(a) The initial Protection Agreement Maximum shall be determined by the Province prior to the initial issuance of the first Funding Obligation. The initial Protection Agreement Maximum will be confirmed by the Province by notice in writing to OPG, as the FSM.~~

(a) ~~(b)~~ [Not less than [■] Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the ~~applicable~~ Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum which shall be based on the Initial Forecast. ~~In determining~~

(b) Not more than [■] Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum~~, the Province may have regard to (but not be bound by) the Initial Forecast.~~ from OPG pursuant to Section 4.01(a), the Province shall confirm its agreement with the initial Protection Agreement Maximum or if the Province does not agree with the determination of the initial Protection Agreement Maximum, which disagreement may only be on the basis that the Initial Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will discuss and address any inaccuracies in the Financing Plan to the reasonable satisfaction of both parties, and the initial Protection Agreement Maximum will be revised accordingly.]

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum based on such Forecast.

(d) ~~Upon receiving an updated Forecast, the Province shall determine whether or not the Protection Agreement Maximum will be revised. In determining whether the Protection Agreement Maximum will be revised, the Province may have regard to (but not be bound by) such updated Forecast. Any determination by the Province to revise the Protection Agreement Maximum will be confirmed by setting out a new Protection Agreement Maximum in a written notice from the Province to the FSM and the Indenture Trustee, the delivery of which will be conclusive evidence that such new Protection Agreement Maximum will apply until it may be further so revised.~~Not more than [■] Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province shall confirm its agreement with the revised Protection Agreement Maximum or if the Province does not agree with the determination of the revised Protection Agreement Maximum, which disagreement may only be on the basis that the further Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will discuss and address any inaccuracies in the Financing Plan to the reasonable satisfaction of both parties, and the revised Protection Agreement Maximum will be revised accordingly.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of ~~OPG~~the FSM

~~OPG~~The FSM represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, shall use commercially reasonable efforts to cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario~~, is duly qualified to carry on its business in each jurisdiction in which it carries on business,~~ and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto~~ and to own its property and carry on its business as currently conducted.(c) OPG has been validly appointed, and has irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto~~.

(c) ~~(d)~~ The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM

has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation of ~~OPG~~the Financing Entity enforceable against ~~OPG~~the Financing Entity in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(d) ~~(e)~~ There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting ~~OPG (including in its capacity as the FSM) or~~ the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of ~~OPG or the Financing Entity or in the ability of OPG or the Financing Entity to perform their respective obligations under the Program Agreements.(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG~~the Financing Entity or in the ability of the Financing Entity to perform its obligations under ~~this Agreement or any~~the Program Agreements.

(e) ~~(g)~~ The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

~~(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.~~

~~(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or~~

any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement does not and will not result in a violation of any applicable law;

(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations hereunder; and

(d) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms.

ARTICLE VI
ELECTION TO ASSUME APPROVED OBLIGATIONS[2]

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) to elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to OPGthe FSM a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to OPGthe FSM (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to OPGthe FSM, OPGthe FSM shall provide the following information and documentation to the Province:

[2] Note to Province/Blakes: Article 6 to be moved and merged with Article 6 of the Change of Law Protection Agreement with appropriate revisions. It is more appropriate in that agreement. See also the comments in Article 6 of the Change of Law Protection Agreement.

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) ~~a draft version of~~ the form of Assumption Agreement ~~prepared in relation to each Obligation Secured, prepared in accordance with and having regard to the requirements of the relevant agreement(s) under which the Obligation Secured arises.~~ in respect of the assignment and assumption of all Obligations Secured is attached as Exhibit E to the Change of Law Protection Agreement.[3]

6.03 Settlement of Terms

Within 20 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

[3] Note to Province: A form of global Assumption Agreement for all Obligations Secured is required. It is impractical to have an assumption agreement for each type of Obligation Secured.

6.04 Cooperation to Implement the Assignment and Assumption

~~OPG~~The FSM shall cooperate with the Province and~~, as FSM,~~ will use commercially reasonable efforts to cause the Financing Entity to cooperate, and ~~each~~ shall use its ~~best~~commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.[3][4]

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, ~~OPG will, and as~~the FSM~~,~~ will use commercially reasonable efforts to cause the Financing Entity to, use commercially reasonably efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity~~,~~ permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts~~.~~[4]; provided that, this Section 6.05 shall not apply to any Obligations Secured under a Derivative Agreement.[5]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of ~~OPG~~the FSM under this Agreement ~~(including in respect of its role as FSM under any Program Agreement)~~which continues for sixty (60) days after written notice by the Province to the FSM of such default or breach;

(b) any representation or warranty made by ~~OPG~~the FSM in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured

[3][4] Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.

[4][5] Note: The Trust Indenture will need to include a clause providing that the obligations of the Financing Entity to the Indenture Trustee and the Noteholders may be assigned to the Province in accordance with an assumption agreement, substantially in the form set out in an exhibit to the Trust Indenture. **[NTD: The form of Assumption Agreement shall be an exhibit to the Change of Law Protection Agreement (consistent with our comment to move Article 6 here to the Change of Law Protection Agreement). We will add the following to the MTI to otherwise address your comment: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured pursuant to Sections 5.01(f) and 5.03(b) of the MTI, and (ii) we will add language in section 11.01 of the MTI that allows the Indenture Trustee to enter into the global Assumption Agreement without the consent of Specified Creditors.]**

within sixty (60) days after written notice by the Province to the FSM of such misrepresentation; or

(c) OPG is no longer the ~~FSM, the Administrative Agent or the~~ Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as ~~the FSM, the Administrative Agent or~~ the Manager. **[NTD: The FSM is a statutory role and OPG can only be removed as FSM by the Province.]**

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to ~~OPG~~the FSM, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to ~~OPG~~the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]

Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~Confidentiality~~[5] Intentionally Deleted[6]

[5][6] To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province. **[NTD: The existence and details of this Agreement and the Change of Law Protection Agreement cannot be confidential. It will need to be disclosed to the Rating Agencies and to potential investors.]**

8.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC., SOLELY AS FINANCIAL SERVICES MANAGER TO THE FINANCING ENTITY

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

~~[FINANCING ENTITY TRUSTEE], IN~~FAIR HYDRO TRUST, BY ITS ~~CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]~~MANAGER, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

~~[INDENTURE TRUSTEE]~~BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~["**Administrative Agent**" has the meaning ascribed thereto in the Change of Law Protection Agreement.]~~

~~["**Administrative Services Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.][6]~~

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity~~, the FSM~~ and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction,

[6] ~~Note: To be confirmed if required.~~

collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means [■]Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(~~b~~a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(~~b~~a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

~~"**Lien**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~[~~"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~]~~

~~[~~"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~]~~[7]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO~~, and acknowledged and accepted by the Indenture Trustee~~.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

~~"**PILs Regime**" means the Payment in Lieu of Taxes regime contemplated under the *Electricity Act* (Ontario).~~

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

~~[7]Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.~~

"**Protection Agreement Maximum**" means the dollar amount ~~determined by the Province and of which OPG is provided written notice~~referenced as the Program Agreement Maximum in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed ~~thereto~~to the term "repayment" in the General Regulation. ~~"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture~~ as of the date of this Agreement ~~or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture ~~as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee~~.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement~~, the Administrative Services Agreement~~ and the Management Agreement; (iii) the Master Transfer and Servicing Agreement ~~between the Financing Entity and the IESO~~; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any

other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

~~**(form of Assumption Agreement to be attached, once settled)**~~

From: Ian Lienhoven
To: Nathaus, Katrina; Kevin Shanks
Subject: FW: EXTERNAL - RE: Change of Law Protection Agreement
Date: Monday, December 11, 2017 10:20:16 AM

Begin forwarded message:

From: LEE John -TREASURY <john.a.lee@treas.com>
Date: December 11, 2017 at 11:16:18 AM EST
To: Mike Manning <Mike.Manning@ontario.ca>, Ken Kanderyan <Ken.Kanderyan@ofina.on.ca>, "Mr. Gadi Mayman" <gadi.mayman@ofina.on.ca>
Subject: Fwd: EXTERNAL - RE: Change of Law Protection Agreement

Sent with BlackBerry Work (www.blackberry.com)

From: "Addija, Sunil" <Sunil.Addija@cibc.com>
Sent: Dec 10, 2017 10:33 PM
To: "Nathaus, Katrina" <Katrina.Nathaus@ca.mufg.com>; LEE John -TREASURY <john.a.lee@treas.com>
Cc: "David Dal Bello (david.dalbello@cibccm.com)" <david.dalbello@cibccm.com>; "Benaiah, Ian" <ian.benaiah@cibc.com>; "Reeves, Geoffrey" <GeoffreyReeves@cibc.com>; "Persaud, Dennie - Debt Capital Markets" <Dennie.Persaud@cibc.com>; "Maciel, Andrew" <Andrew.Maciel@cibc.com>; "Bolster, Brian" <brian.bolster@gs.com>; "Sabri, Salina" <Salina.Sabri@gs.com>; "Delaney, Brian" <Brian.Delaney@gs.com>
Subject: EXTERNAL - RE: Change of Law Protection Agreement

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

John, in addition to the points raised in Katrina's email, here are some others that we would like to raise:

1. Process Agreement – we feel that this should be shared with RAs and become a part of the Program Agreements

2. We need some clarification that the Province will continue to running the Fair Hydro Trust in "normal" course even after a Protection Event – for example, they cannot stop paying surveillance fees to RAs as investors will continue to expect a rating on their bond until they are repaid. Similarly, if any amendments need to be made (e.g. a new Trustee is coming onboard etc), then these will be made
3. Changes made by Blakes to Suspension Event language in 7.02 which now does not cover any amendments after a Suspension Event – this is problematic as it can hold up any routine amendments. The language proposed by Osler / Tory's in Thursday's draft was much more objective

Sunil.

From: Nathaus, Katrina [mailto:Katrina.Nathaus@ca.mufg.com]
Sent: Sunday, December 10, 2017 8:02 PM
To: dan.gallo@gs.com
Cc: 'David Dal Bello (david.dalbello@cibccm.com)'; 'Benaiah, Ian'; Reeves, Geoffrey; Persaud, Dennie - Debt Capital Markets; Maciel, Andrew; Addija, Sunil; Bolster, Brian; Sabri, Salina; Delaney, Brian
Subject: Change of Law Protection Agreement

John,

We plan to discuss the below on the call with you at 8:30, but wanted to formalize our thoughts in email for your reference. The Friday draft with the changes to Section 2.01 and to the Adherence Conditions was materially worse from our perspective than the draft which we received from the Province last Monday. The document as is does not work, and we are at the point that continuing iterations around the agreement endangers the closing of the warehouse facility prior to year-end.

More complete thoughts below, but in summary: in order for the rating agencies to rate a deal and the Dealers to be able to close the warehouse financing, the Change of Law Protection Agreement will need to be in the form proposed by Osler/Torys in the draft of December 7 (with the exception that section 2.01(a)(iv)(D) be entirely deleted (or revised as noted below) as the concepts in section 2.01(a)(iv)(D) in any form will require material changes to the MTI).
Best,
Katrina

****

With respect to the Adherence Conditions, the Dealers have been consistent with our concerns that there should not be strips or traps that could prevent the ability of a Primary Obligation to become an Approved Obligation. Furthermore, we have stressed the importance of the Adherence Conditions not preventing the ability to effect a Refinancing of an Approved Obligation. Our strong preference has been all along that there be no Adherence Conditions; however, in light of the Province's insistence that it needed a level of control that went beyond the protections set out in the Change of Law Process Agreement, we agreed to consider the existence of straightforward Adherence Conditions. The draft of the Adherence Conditions and Adherence Compliance Certificate which were reflect in our draft of the Change of Law Protection Agreement of Thursday evening is as far as the Dealers are prepared to accept under the circumstances.
As relates to the Province's right to object to a Transaction Document under the Process Agreement in connection with a Refinancing, that should remain an issue as between the Province and the FSM and should not be a risk passed on to the Dealers under the Change or Law Protection Agreement. To be clear, the concern with the Province's ability to object to a Refinancing is not simply one which arises following the occurrence of a suspension event. The Dealers have included a step-up in market pricing to deal with a market disruption event which causes a delay in the timing of the Refinancing, but the Dealers are not in a position to accept the risk that a Refinancing cannot proceed, for example, because the rating agencies have determined that there needs to be a change to the Program Agreements. Furthermore, the requirements relating to a Refinancing need to apply equally to any Refinancing, including the refinancing of any term debt.
As relates to Protection Events, we need a clear and objective standard to determine what would satisfy a "materially and adversely" threshold. To be clear, this is not simply an issue raised by the rating agencies. The Dealers have been concerned with this issue dating back to our review of the Province's term sheet. This was included as one of the specific items that the Dealers were concerned about as summarized in the email from Osler to the Province back in September and we expressly asked that it be deleted from the term sheet.
Notwithstanding our stated position on this issue, we agreed to permit the "materially and adversely" threshold to remain in the definition provided that there is an objective standard to be able to satisfy this threshold condition which is reflected in our draft "for clarity" language in the definition. Without an objective standard, we would be faced with the potential of a drawn out dispute with the Province before the Province would be obligated to honor its obligations under the Limited Guarantee; for example, would a $10 million impact of the warehouse or another tranche of debt be "material" in the context of $8 to $10 billion in debt at the end of the moratorium period? This is not a risk which the Dealers can take in the face of a Protection Event. The Province must stand behind the Limited Guarantee if there is a downgrade or other negative impact on the rating of such debt which arises because of an event contemplated in the definition of Protection Event.
We do not understand why the Limited Guarantee has to include any provisions to deal with the "theoretical" possibility that the Province's subrogation rights to collect on amounts paid under Approved Obligations would compete with those existing Primary Obligations which are not Approved Obligations. The Program Agreements already contemplate a restriction on the FSM issuing Certified Primary Obligations which are not Approved Obligations. The changes to section 2.01 (as set out in Section 2.01 (a)(iv)(D) and then further expanded by the Province in Friday's draft under Section 2.01(a)(v) proposed by the Province to address this "theoretical" possibility would undermine this approach and would require us to explain to the Rating Agencies why the MTI needs extensive revisions to address something which is not supposed to happen. The implications of this would most certainly result in a delay in the rating agency process and would jeopardize the ability to close the warehouse financing before December 31. This is not acceptable and we require that these concepts be abandoned.
As a side-note, we have been advised that Blakes today proposed a revised draft of Section 2.01(a) which is somewhat consistent with a proposed draft of Section 2.01(a) which Torys and Osler jointly prepared last Tuesday/Wednesday which Blakes completely dismissed at that time. If this revised draft can be implemented with minimal revisions to the MTI, then we may be prepared to move forward on that basis; however, given that we no longer have any luxury of time, we need Torys and Osler to advise us by the latest midday on Monday as to whether this alternate approach is feasible under the current constraints.

Goldman Sachs

200 West Street | 7th Floor | New York, New York 10282-2198
Tel: 212-357-8161 | Fax: 212-256-5491
Katrina.Nathaus@gs.com | mailto:Katrina.Nathaus@gs.com>

Katrina T. Nathaus
Managing Director
Investment Banking Division

See the https://urldefense.proofpoint.com/v2/url?u=https-3A__www.gs.com_disclaimer_eb_&d=DwIE-g&c=eC_YpzLTZOdkAuzRaWKEaMNOTHGv1_ecksp6SOR6vvIITDI&r=Ot7ZRk3v3fSbrHO0aNwTGTFIx-VdOhUwvvdDsCqtcDIkDNXOYk7Gll-vvwxwAU1Ak&v=yTwtMTZ1Ov7xrrIdvIOnGk_ewXkHJOGHxdFeL0vXOKec&m=https%3a%2f%2furldefense.proofpoint.com%2fv2%2furl%3fu%3dhttps-3A__www.gs.com_disclaimer_email_RS-2DEU.html%26d%3dDwIE-g%26c%3deC_YpzLTZOdkAuzRaWKEaMNOTHGv1_ecksp6SOR6vvIITDI%26r%3dOt7ZRk3v3fSbrHO0aNwTGTFIx-VdOhUwvvdDsCqtcDIkDNXOYk7Gll-vvwxwAU1Ak%26v%3dyTwtMTZ1Ov7xrrIdvIOnGk_ewXkHJOGHxdFeL0vXOKec%26m%3dwCfTZA_vSSE-tCSIwww.gs.com-2FCB6016E5B-2D4A-2D3F-2DB0-2D1D-2D0-2D-2D-2D

From:	Gadi Mayman
To:	STEPHEN.ASHBOURNE@blakes.com; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan
Cc:	Anna Strathy
Subject:	Fwd: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 9:24:24 AM
Attachments:	ATT00001.htm ATT00002.htm ATT00003.htm ATT00004.htm Changed Pages Protection Agreement (Dec 11 v Dec 12).PDF ATT00005.htm

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Are these proposed changes in line with what was agreed to last night, or is this beyond the spirit of the agreement?

Begin forwarded message:

> **From:** "Milligan, Peter" <PMilligan@osler.com>
> **Date:** December 12, 2017 at 9:09:28 AM EST
> **To:** "Saulnier, Brett" <bsaulnier@torys.com>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "Mansoori, Nina" <nmansoori@torys.com>
> **Cc:** 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>, 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>, 'Anna Strathy' <Anna.Strathy@ofina.on.ca>, '"Veinot, Cindy (TBS)"' <Cindy.Veinot@ontario.ca>, '"McKinlay, Tom (MAG)"' <Tom.McKinlay@ontario.ca>, '"Donaldson, Mark (TBS)"' <Mark.Donaldson@ontario.ca>, '"Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)"' <Daniel.Cayley@ontario.ca>, '"Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)"' <Alena.Thouin@ontario.ca>, "Ramchandani, Rima" <rramchandani@torys.com>, 'LEE John -TREASURY' <john.s.lee@opg.com>, 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>, 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>, 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>, 'LAURETA LAPIRA May - TREASURY' <may.lapira@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>, "Fullerton, Rick" <RFullerton@osler.com>, '"Mayman, Gadi (OFA)"' <Gadi.Mayman@ofina.on.ca>, '"Manning, Mike (OFA)"' <Mike.Manning@ofina.on.ca>, '"Hanslep, Malle (MOF)"' <Malle.Hanslep@ontario.ca>, '"ian.benaiah@rbccm.com"' <ian.benaiah@rbccm.com>, '"Khan, Nur (nur.khan@rbccm.com)"' <nur.khan@rbccm.com>, '"brent.r.taylor@rbccm.com"' <brent.r.taylor@rbccm.com>, '"katrina.niehaus@gs.com"' <katrina.niehaus@gs.com>, '"brian.delaney@gs.com"' <brian.delaney@gs.com>, '"Maciel, Andrew"' <Andrew.Maciel@cibc.com>, '"Adalja, Sunil"' <Sunil.Adalja@cibc.com>, '"Persad, Nicole"' <Nicole.Persad@cibc.com>, '"Persaud, Donnie - Debt Capital Markets"' <Donnie.Persaud@cibc.com>, '"Steen Hume (CAB)"' <Steen.Hume@ontario.ca>, "Olusoga, Yinka" <yolusoga@torys.com>, "Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)" <Tobias.Whitfield@ontario.ca>, "PALMER,

AARON" <AARON.PALMER@blakes.com>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.

Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

Peter Milligan

416.862.6634 DIRECT
416.862.6666 FACSIMILE
pmilligan@osler.com

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Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be

amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions

applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an

Approved Obligation~~ or (iii) the Primary Obligation is a Post-Suspension Refinancing or a Pre-Approved Refinancing~~.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) For greater certainty, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time, without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may ~~declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering~~deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity. **[NTD: let 7.02 speak to the effects.]**

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

[NTD: does not this also apply to Pre-Approved Refinancings?] Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions ~~thereto~~); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

~~"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)iv.~~

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Material Effect**" means any change that could affect the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of one or more ~~Series of~~ Approved Obligations ~~or one or more such Refinancings~~. **[NTD: a Post-Suspension Refinancing is an Approved Obligation so the definition can be applied again.]**

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the issuance of such Certified Primary Obligation, ~~waived its right to object to such Refinancing being an Approved~~agreed that any Refinancing of such Certified Primary Obligation shall not be a Certified Primary Obligation.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the

From:	Gadi Mayman
To:	Ronald Kwan
Subject:	Fwd: Fair Hydro - Change of Law Protection Agreement
Date:	Thursday, December 07, 2017 8:30:46 PM
Attachments:	ATT00001.htm ATT00002.htm ATT00003.htm ATT00004.htm Compare Protection Agreement (Dec 4 (Province) v Dec 7 (Osler_Torys)).PDF ATT00005.htm Change of Law Protection Agreement - Dec 7 (Osler_Torys).DOCX ATT00006.htm

---

I don't think that you're on the email list. If you are, apologies for the duplication.

Gadi

Begin forwarded message:

> **From:** "Milligan, Peter" <PMilligan@osler.com>
> **Date:** December 7, 2017 at 6:43:40 PM EST
> **To:** "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "Mansoori, Nina" <nmansoori@torys.com>
> **Cc:** 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>, 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>, 'Anna Strathy' <Anna.Strathy@ofina.on.ca>, "'Veinot, Cindy (TBS)'" <Cindy.Veinot@ontario.ca>, "'McKinlay, Tom (MAG)'" <Tom.McKinlay@ontario.ca>, "'Donaldson, Mark (TBS)'" <Mark.Donaldson@ontario.ca>, "'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'" <Daniel.Cayley@ontario.ca>, "'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'" <Alena.Thouin@ontario.ca>, "Ramchandani, Rima" <rramchandani@torys.com>, 'LEE John -TREASURY' <john.s.lee@opg.com>, 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>, 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>, 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>, 'LAURETA LAPIRA May - TREASURY' <may.lapira@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>, "Fullerton, Rick" <RFullerton@osler.com>, "'Mayman, Gadi (OFA)'" <Gadi.Mayman@ofina.on.ca>, "'Manning, Mike (OFA)'" <Mike.Manning@ofina.on.ca>, "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>, "'ian.benaiah@rbccm.com'" <ian.benaiah@rbccm.com>, "'Khan, Nur (nur.khan@rbccm.com)'" <nur.khan@rbccm.com>, "'brent.r.taylor@rbccm.com'" <brent.r.taylor@rbccm.com>, "'katrina.niehaus@gs.com'" <katrina.niehaus@gs.com>, "'brian.delaney@gs.com'" <brian.delaney@gs.com>, "'Maciel, Andrew'" <Andrew.Maciel@cibc.com>, "'Adalja, Sunil'" <Sunil.Adalja@cibc.com>, "'Persad, Nicole'" <Nicole.Persad@cibc.com>, "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>, "'Steen Hume (CAB)'" <Steen.Hume@ontario.ca>, "Saulnier, Brett" <bsaulnier@torys.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Whitfield,

Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)"
<Tobias.Whitfield@ontario.ca>, "PALMER, AARON"
<AARON.PALMER@blakes.com>, "VINER, JON"
<JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

Peter Milligan

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416.862.6666 FACSIMILE
pmilligan@osler.com

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Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be

amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions

applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

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****

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Explanatory Note: Logistics of closing are under consideration by the Province.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council ~~dated as of~~ 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~Intentionally Deleted~~Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager agrees to provide the Province with the computations and calculations used by the Manager to prepare each such statement promptly following a request therefor.[2]

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

[2] This language was reinserted as the guarantee statements required to be delivered by the Manager should be binding on the Province.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

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

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

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

~~Whenever~~Unless otherwise provided for under the terms of any Approved Obligation, whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee ~~shall (unless the Rating Agency Condition has been satisfied with respect to a demand not being made as a result of the Protection Event),~~may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the

amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) [2]the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**");

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province

~~[2] Explanatory Note: In a particular period, the cash available from CEAs may exceed the aggregate Finance Amounts payable - for example, as a result of the "true-up" under the Act, which will determine the actual amount of cash available. The basic structure is that the Province will pay all Approved Obligation Amounts, and will be entitled to receive all cash flows available to the Beneficiary Payees. Limiting the subrogation amounts to the lesser of such available cash and the Guarantee Payments could result in leakage of the cash that the Province looks to under this arrangement.~~

under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount;

(D) [3]on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs ~~on or~~ after the date on which all amounts payable under all Approved Obligations have been paid in full, whether pursuant to Guarantee Payments or payments made pursuant to the payment provisions of the Trust Indenture or any combination thereof, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts ~~(each, a "**Final Subrogation Amount**")~~, in each case in the priorities specified below:

(I) as an amount ranking equally with ~~[~~principal amounts of Senior Funding Obligations~~]~~[4], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to ~~[~~principal amounts of Senior Funding Obligations~~]~~, plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province

[3] ~~Explanatory Note: The Province will be entitled to receive subrogation cash flows after satisfaction of all Approved Obligations. This provision provides how that these amounts will be payable from available cash flows, based on priorities that address cash entitlements opposite non-guaranteed obligations secured (e.g., after a suspension event). Conforming changes will need to be made to the Trust Indenture once these mechanics have been settled.~~

[4] ~~Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.~~

in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related[5], exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day (such amount, the "**Senior Final Subrogation Amount**");

(II) as an amount ranking equally with [principal amounts of Subordinated Funding Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [principal amounts of Subordinated Funding Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I) (such amount, the "**Subordinated Final Subrogation Amount**"); and

(III) as an amount ranking equally with [principal amounts of Junior Subordinated Obligations], the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to [principal amounts of

[5] ~~Explanatory Note: Nomenclature to be conformed, once the corresponding provisions of the Trust Indenture have been settled.~~

Junior Subordinated Funding Obligations], plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II) (such amount, the "**Junior Subordinated Final Subrogation Amount**" and, together with the Senior Final Subrogation Amount and the Subordinated Final Subrogation Amount, the "**Final Subrogation Amounts**")[3]; and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iiiiii.

[3] Separate definitions were included to facilitate inserting these amounts into Trust Indenture priority of payment provisions.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)~~(~~iv~~)~~(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(~~B~~D) and as a payee of any amounts payable under clause 2.01(a)~~(~~v~~)~~, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. ~~(a)~~ the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. ~~(b)~~ OPG, as FSM, delivers ~~a certificate~~an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation)~~, confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be~~* ~~provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation~~*;[4] and

iii. ~~(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied,~~ the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) The following shall be the Adherence Conditions applicable in relation to each Refinancing:

i. such Refinancing when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-2 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee and the Province, on or before the incurrence of the Refinancing (provided that delivery may not be more than 5 Business Days before the incurrence of such Refinancing).[5]

[4] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-1 to this Agreement and accordingly this language has been deleted from this para (ii) and is reproduced in the form of certificate attached as Exhibit B-1.

[5] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-2 to this Agreement.

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation or a Refinancing shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation or the Refinancing, as applicable, as such Certified Primary Obligation or Refinancing may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or a Refinancing.

4.03 Evidence of Satisfaction

~~A closing certificate~~An Adherence Compliance Certificate delivered in accordance with Section 4.02(~~b) in connection with an incurrence of a Certified Primary Obligation~~a)ii or in accordance with Section 4.02(b)ii, as the case may be, shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. ~~A closing certificate~~An Adherence Compliance Certificate that purports on its face to be signed by officers specified in Section 4.02(~~b~~)a)ii or Section 4.02(b)ii, as applicable, may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If ~~a closing certificate~~an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of Section 4.02(~~b) in respect of a Certified Primary Obligation~~a)ii or Section 4.02(b)ii, as applicable, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(~~b~~)a)ii or Section 4.02(b)ii, as applicable, if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation or the Refinancing.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in

respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including ~~[~~Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition)~~]~~; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section ~~5.01.~~5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the

extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section [**7.10**~~(d)~~] of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) ~~(b)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the ~~provision~~adherence of the Limited Guarantee~~, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach~~ to the Certified Primary Obligations and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the ~~provision~~adherence of the Limited Guarantee to the Certified Primary Obligations, proves to be incorrect in

[6] Explanatory Note: ~~The Province is content to receive the same~~Indenture Trustee representations ~~as are provided~~have been conformed to the MTI and are subject to review and sign off by the Indenture Trustee ~~should be under the Trust Indenture. Please conform.~~

any material respect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of a Primaryan Approved Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that theor if such Refinancing is otherwise an Approved Obligation), by delivering a written notice in the form of Exhibit BC (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.[7]

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing (provided that such Refinancing is an Approved Obligation) only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence* will be used solely for the *purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred or amended(ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primaryan Approved Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that theor if such Refinancing is otherwise an Approved Obligation).

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primaryan Approved Obligation in respect of which the Adherence Conditions had previously been satisfied (provided that theor if such Refinancing is otherwise an Approved Obligation).

[7] The paragraph that was deleted from Section 7.01 was modified slightly and moved to the form of the Adherence Compliance Certificate set out in Exhibit B-2 as the Adherence Condition for the Refinancing so that it is clear what conditions have to be satisfied for a Refinancing to be an Approved Obligation. As discussed in our meeting with the principals and in response to the DBRS comments, debt issued on a refinancing of protected debt should continue to be protected debt.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies ~~on~~of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 or Exhibit B-2, as applicable, delivered by the FSM in accordance with Section 4.02(a)ii or Section 4.02(b)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest~~ or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[7]~~, in which case the Certified Primary Obligation therefor shall be the Funding Obligation Agreement applicable to such Funding Obligation and not each individual borrowing or utilization thereunder, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate minimum payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above); provided that "**Certified Primary Obligations**" shall not include any Refinancing.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

~~[7] Explanatory Note: Province requires a Process Certificate for each monthly draw.~~

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Junior Subordinated Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of ~~an ISDA~~a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account ~~or required to be held in~~

~~the Collection Account after the application of amounts under the applicable payment provision of the Trust Indenture on an applicable payment date~~[8]; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[98], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

[8] ~~Explanatory Note: The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Payment Date.~~

[98] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

For clarity, for purposes of the definition of "Protection Event", the occurrence of an event described in any of clauses (i) to (v) of paragraph (a) or a determination by a court of competent jurisdiction described in paragraph (b) which (x) results, or could reasonably be expected to result, in a rating downgrade or withdrawal of a rating by a Rating Agency, or (y) results in a Rating Agency publicly announcing that it has placed under surveillance or review, with possible negative implications, its rating of any Approved Obligation in effect prior to the occurrence of such event or court determination shall be sufficient to establish the required "materially and adversely" threshold.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[~~10~~9] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[~~11~~10]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Senior Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

[~~10~~9] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[~~11~~10] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subordinated Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B-1

FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was* provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation*.

DATED as of the [■] day of [■], [■].

Name: [11]	Name:
Office:	Office:

[11] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT B-2
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(b)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

AND TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 4.02(b)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. The proceeds of the Refinancing* will be used solely for the *purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Section 4.02(a) of the Change of Law Protection Agreement had been satisfied or one or more Refinancings in respect of which the Adherence Conditions in section 4.02(b) of the Change of Law Protection Agreement had been satisfied.

DATED as of the [■] day of [■], [■].

Name: [12]	Name:
Office:	Office:

[12] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

BNY Trust Company of Canada, as Indenture Trustee

AND TO:

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section ~~7.01,~~7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing ~~of a Primary Obligation~~ in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred or ~~amended~~(ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after delivery of this Suspension Notice, other than any Refinancing of ~~a Primary~~an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied of if such Refinancing is otherwise an Approved Obligation.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Osler/Torys Comment Draft: December 7, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Explanatory Note: Logistics of closing are under consideration by the Province.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager agrees to provide the Province with the computations and calculations used by the Manager to prepare each such statement promptly following a request therefor.[2]

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

[2] This language was reinserted as the guarantee statements required to be delivered by the Manager should be binding on the Province.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

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

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

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Unless otherwise provided for under the terms of any Approved Obligation, whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**");

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount;

(D) on the first day when any payment or payments are to be made in respect of Obligations Secured that occurs after the date on which all amounts payable under all Approved Obligations have been paid in full, whether pursuant to Guarantee Payments or payments made pursuant to the payment provisions of the Trust Indenture or any combination thereof, the Province shall be entitled to be

paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with the applicable payment provisions of the Trust Indenture on such day, the following amounts, in each case in the priorities specified below:

(I) as an amount ranking equally with principal amounts of Senior Funding Obligations, the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to principal amounts of Senior Funding Obligations, plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day (such amount, the "**Senior Final Subrogation Amount**");

(II) as an amount ranking equally with principal amounts of Subordinated Funding Obligations, the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to principal amounts of Subordinated Funding Obligations, plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate

borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I) (such amount, the "**Subordinated Final Subrogation Amount**"); and

(III) as an amount ranking equally with principal amounts of Junior Subordinated Obligations, the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including such day in respect of Approved Obligations ranking equally with or prior to principal amounts of Junior Subordinated Funding Obligations, plus (y) the sum of amounts determined in respect of interest on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) plus (z) the sum of the amounts determined under (II) (such amount, the "**Junior Subordinated Final Subrogation Amount**" and, together with the Senior Final Subrogation Amount and the Subordinated Final Subrogation Amount, the "**Final Subrogation Amounts**")[3]; and

(E) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the

[3] Separate definitions were included to facilitate inserting these amounts into Trust Indenture priority of payment provisions.

Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), as a payee of each Final Subrogation Amount under clause 2.01(a)(iv)(D) and as a payee of any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation);[4] and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) The following shall be the Adherence Conditions applicable in relation to each Refinancing:

i. such Refinancing when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-2 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee and the Province, on or before the incurrence of the Refinancing (provided that delivery may not be more than 5 Business Days before the incurrence of such Refinancing).[5]

For greater certainty, (y) satisfaction of the Adherence Conditions for a Certified Primary Obligation or a Refinancing shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation or the Refinancing, as applicable, as such Certified Primary Obligation or Refinancing may be amended, restated, supplemented or otherwise modified from time to

[4] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-1 to this Agreement and accordingly this language has been deleted from this para (ii) and is reproduced in the form of certificate attached as Exhibit B-1.

[5] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-2 to this Agreement.

time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or a Refinancing.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with Section 4.02(a)ii or in accordance with Section 4.02(b)ii, as the case may be, shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in Section 4.02(a)ii or Section 4.02(b)ii, as applicable, may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of Section 4.02(a)ii or Section 4.02(b)ii, as applicable, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(a)ii or Section 4.02(b)ii, as applicable, if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation or the Refinancing.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the

Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[6]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

[6] Explanatory Note: Indenture Trustee representations have been conformed to the MTI and are subject to review and sign off by the Indenture Trustee.

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligations and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligations, proves to be incorrect in any material respect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Refinancing of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.[7]

[7] The paragraph that was deleted from Section 7.01 was modified slightly and moved to the form of the Adherence Compliance Certificate set out in Exhibit B-2 as the Adherence Condition for the Refinancing so that it is clear what conditions have to be satisfied for a Refinancing to be an Approved Obligation. As discussed in our meeting with the principals and in response to the DBRS comments, debt issued on a refinancing of protected debt should continue to be protected debt.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred or (ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after the time such Suspension Notice is delivered, other than any Refinancing of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation.

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 or Exhibit B-2, as applicable, delivered by the FSM in accordance with Section 4.02(a)ii or Section 4.02(b)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, in which case the Certified Primary Obligation therefor shall be the Funding Obligation Agreement applicable to such Funding Obligation and not each individual borrowing or utilization thereunder, (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate minimum payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above); provided that "**Certified Primary Obligations**" shall not include any Refinancing.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Junior Subordinated Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[8], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

[8] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

For clarity, for purposes of the definition of "Protection Event", the occurrence of an event described in any of clauses (i) to (v) of paragraph (a) or a determination by a court of competent jurisdiction described in paragraph (b) which (x) results, or could reasonably be expected to result, in a rating downgrade or withdrawal of a rating by a Rating Agency, or (y) results in a Rating Agency publicly announcing that it has placed under surveillance or review, with possible negative implications, its rating of any Approved Obligation in effect prior to the occurrence of such event or court determination shall be sufficient to establish the required "materially and adversely" threshold.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[9] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[10]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Senior Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subordinated Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

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[9] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[10] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B-1
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [11]	Name:
Office:	Office:

[11] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT B-2
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(b)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

AND TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with section 4.02(b)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. The proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Section 4.02(a) of the Change of Law Protection Agreement had been satisfied or one or more Refinancings in respect of which the Adherence Conditions in section 4.02(b) of the Change of Law Protection Agreement had been satisfied.

DATED as of the [■] day of [■], [■].

Name: [12]	Name:
Office:	Office:

[12] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred or (ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after delivery of this Suspension Notice, other than any Refinancing of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied of if such Refinancing is otherwise an Approved Obligation.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

From:	Gadi Mayman
To:	Mike Manning
Cc:	Ken Kandeepan; Ronald Kwan; Anna Strathy
Subject:	Fwd: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 3:37:27 PM
Attachments:	ATT00001.htm ATT00002.htm ATT00003.htm ATT00004.htm #24626868v1_TorysAtWork_ - Change of Law Protection Agreement.docx ATT00005.htm Blackline_Ashbourne Draft - 24626868v1.pdf ATT00006.htm

---

Hi Mike, am I reading too much into assuming that the 2:30 meeting was successful?

Begin forwarded message:

> **From:** "Ramchandani, Rima" <rramchandani@torys.com>
> **Date:** December 12, 2017 at 3:28:33 PM EST
> **To:** "'ASHBOURNE, STEPHEN'" <STEPHEN.ASHBOURNE@blakes.com>, "Milligan, Peter" <PMilligan@osler.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "Mansoori, Nina" <nmansoori@torys.com>
> **Cc:** 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>, 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>, 'Anna Strathy' <Anna.Strathy@ofina.on.ca>, "'Veinot, Cindy (TBS)'" <Cindy.Veinot@ontario.ca>, "'McKinlay, Tom (MAG)'" <Tom.McKinlay@ontario.ca>, "'Donaldson, Mark (TBS)'" <Mark.Donaldson@ontario.ca>, "'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'" <Daniel.Cayley@ontario.ca>, "'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'" <Alena.Thouin@ontario.ca>, "'LEE John -TREASURY'" <john.s.lee@opg.com>, 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>, 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>, "'MAUTI John -FIN & C CTRL'" <john.mauti@opg.com>, 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, "'WONG Leslie -LAWDIV'" <leslie.wong@opg.com>, "Fullerton, Rick" <RFullerton@osler.com>, "'Mayman, Gadi (OFA)'" <Gadi.Mayman@ofina.on.ca>, "'Manning, Mike (OFA)'" <Mike.Manning@ofina.on.ca>, "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>, "'ian.benaiah@rbccm.com'" <ian.benaiah@rbccm.com>, "'Khan, Nur (nur.khan@rbccm.com)'" <nur.khan@rbccm.com>, "'brent.r.taylor@rbccm.com'" <brent.r.taylor@rbccm.com>, "'katrina.niehaus@gs.com'" <katrina.niehaus@gs.com>, "'brian.delaney@gs.com'" <brian.delaney@gs.com>, "'Maciel, Andrew'" <Andrew.Maciel@cibc.com>, "'Adalja, Sunil'" <Sunil.Adalja@cibc.com>, "'Persad, Nicole'" <Nicole.Persad@cibc.com>, "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>, "'Steen Hume (CAB)'" <Steen.Hume@ontario.ca>, "Olusoga, Yinka" <yolusoga@torys.com>, "Whitfield, Tobias P. (MOF)

(Tobias.Whitfield@ontario.ca)" <Tobias.Whitfield@ontario.ca>, "PALMER, AARON" <AARON.PALMER@blakes.com>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Attached is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the Blakes draft circulated below. Except for the definition of "Material Effect", we believe this draft to be in final form and would ask that each of Blakes and Osler please confirm their sign off as soon as possible.

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-12-17 2:09 PM
To: Milligan, Peter <PMilligan@osler.com>; Saulnier, Brett <bsaulnier@torys.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Here is my mark-up of the matters raised by Oslers, in today's mark-ups of during our call this morning. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Tuesday, December 12, 2017 1:43 PM
To: Saulnier, Brett; ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Further to our call this morning, attached is a comparison document showing our comments on "Post-Suspension Refinancing" and "Protection Event".

We will comment on Material Effect after we see what comes back from the accountants.

Peter

From: Milligan, Peter
Sent: Tuesday, December 12, 2017 9:09 AM
To: 'Saulnier, Brett' <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>;

Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.

Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>;

'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)'

<Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur

(nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

Peter Milligan

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May - TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe

reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of

Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection

Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

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Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

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

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

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**"

and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary

Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(b), be a “Specified

Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required

in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02, a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence

Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province

all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer

and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing

Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may deliver a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms (excluding, for greater certainty, any financial terms, rates or levels) as those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity

in compliance with the Act, or on such other terms as would not have a Material Effect, without taking into account any financial terms, rates or levels.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act as of the date of this Agreement.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

["**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or the rights of the Province under the Limited Guarantee that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.] **[NTD: Under review by accountants and subject to sign off by all parties.]**

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, are used solely for the purpose of paying in full such Series of Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, agreed shall be an Approved Obligation, subject to compliance with such conditions and requirements as may be specified in such agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in

the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Agreement.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Agreement, as more particularly described and given meaning in the General Regulation as of the date of this Agreement.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date of this Agreement.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [1]	Name:
Office:	Office:

[1] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Draft: December 12, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A, and any other capitalized terms not defined herein shall have the meanings assigned to them in the Trust Indenture;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as **[Exhibit A]** (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, and the following terms shall apply:

i. Not less than three (3) Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of

priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On the first Guarantee Payment Date and on each subsequent Guarantee Payment Date, Payment Date or other day on which any amount is required to be paid in respect of any Obligations Secured under the Trust Indenture (a "**Subrogation Payment Date**"), the Issuer and the Indenture Trustee shall ensure that the applicable payment provisions of the Trust Indenture shall be applied and operate on the following basis~~1~~:

(A) If such day is a Guarantee Payment Date, then for each Approved Obligation for which amounts are paid to a Beneficiary Payee on such day pursuant to clause 2.01(a)iii in respect of principal, interest or any other amounts ("**Payable Approved Amounts**"), the amounts payable by the Financing Entity in respect of such amounts for such Approved Obligation shall be reduced by the respective amounts of such payments to the Beneficiary Payee, and equivalent amounts shall be payable by the Financing Entity to the Province as "**Subrogation Amounts**" in respect of such Approved Obligations, such Subrogation Amounts being payable in the same order of priority and with the same entitlements accruing to the Province as applied in respect of the related Payable Approved Amounts which were previously owing to the Beneficiary Payee, and to reflect this subrogation the payments set out in clause 2.01(a)iv(B) below shall be made by the Financing Entity.

(B) If the Province has made all deposits required to be made by it on each Guarantee Payment Date occurring on or before such day in accordance with clause 2.01(a)ii (or the related Approved Obligation Amounts have otherwise all been paid in full), then in respect of each Approved Obligation for which any related Subrogation Amounts have not yet been paid in full to the Province, the Financing Entity shall pay to the Province from amounts available under

~~1 Explanatory Note: The deletion of the paramountcy provision is acceptable as long as section 2.01 if fully reflected in the Trust Indenture. To be confirmed.~~

the Trust Indenture payment provisions and in accordance with the priority of payment provisions in the Trust Indenture the amount that would be payable on such date in satisfaction of the relevant Payable Approved Amounts, as determined without regard to any Guarantee Payment paid on any Guarantee Payment Date and also without regard to the corresponding reduction of the amounts owing to present and former Beneficiary Payees pursuant to subclause 2.01(a)iv(A) up to the amount of the unpaid related Subrogation Amounts.

(C) No Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to the Payable Approved Amount in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

(D) For greater certainty, the entitlements of the Province in respect of Subrogation Amounts arising in respect of Payable Approved Obligations that are interest and principal obligations on Notes shall be treated for all purposes of the Trust Indenture as interest and principal obligations, respectively, arising under Notes having the same priority as and any applicable voting rights[2] under the related Approved Obligations, and accordingly the Province (and any successor, assignee or transferee of such entitlements) shall be entitled to all of the rights, entitlements, interests and privileges of a Holder of such a Notes in accordance with the Trust Indenture, as supplemented by the Supplemental

[2] ~~Explanatory Note: As discussed, the Province understands that voting rights may be muted by the "outstanding" language in the Trust Indenture. Nevertheless, if voting rights would arise under the Trust Indenture they should be available to the Province.~~

Indenture or other indenture document under which the related Approved Obligations were issued.

(b) On each Guarantee Payment Date and upon demand by the Province, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the relevant date.

(c) In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a), if applicable.

(d) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B) and as a payee of any amounts payable under clause 2.01(~~a~~b)~~v~~, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(e) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(f) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(g) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(h) Any amount payable to the Province in respect of a Subrogation Amount shall bear interest from and including the date of payment by the Province of the related Guarantee Payment to but excluding the date of payment of the Subrogation Amount to the Province, such interest to accrue at the rate equivalent to the applicable interest rate borne by the related Approved Obligation, and such interest amounts shall be added to their respective Subrogated Amounts and shall consequently be payable in the same priority as the relevant Subrogated Amount under clause 2.01(a)iv(B), all such accruing interest amounts to be calculated and

added to the Subrogation Amounts by the Manager in its discretion acting in a commercially reasonable fashion.

(i) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province

into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiary Payee as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiary Payee as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiary Payee in respect of the applicable Approved Obligations, whereupon an affected Beneficiary Payee shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new

trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

Except ~~as provided in Section 7.02,~~**in respect of any Primary Obligation to which the Limited Guarantee will not apply on or after a Suspension Notice is delivered in accordance with Section 7.02,** a Primary Obligation that is not a Certified Primary Obligation shall be an Approved Obligation. A Certified Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of the Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation); and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, satisfaction of the Adherence Conditions for a

Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation, as such Certified Primary Obligation may be amended, restated, supplemented or modified from time to time.

(c) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii shall be determinative as to whether the applicable Adherence Condition with respect thereto has been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii if at the time such certificate was otherwise required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, and shall be entitled to (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by

the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation and the Payable Approved Amounts thereunder shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager;

the Province may ~~declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, excluding Post-Suspension Refinancings or Pre-Approved Refinancings, by delivering~~**deliver** a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings, or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after the time such Suspension Notice is delivered.

7.03 Additional Right of the Province Regarding Post-Suspension Refinancings

Following the occurrence of a Suspension Event, the Limited Guarantee shall continue to apply in respect of any Post-Suspension Refinancing (for greater certainty, without regard to the satisfaction of any Adherence Conditions); provided that prior to the Financing Entity incurring any Primary Obligation constituting a Post-Suspension Refinancing, the Manager shall provide the Province with at least 30 days' notice of its intention to seek a Post-Suspension Refinancing and prior to incurrence, which notice shall describe the material covenants, events of default, representations and warranties and indemnities of the Financing Entity and other material terms, excluding financial terms, rates and levels, and that shall be in respect of the full amount of the amount becoming due and payable in respect of the applicable Primary Obligation less amounts otherwise available to the Financing Entity from other available or committed sources (the "**Proposal**"), and during such 30 day period the Province may, but is not obligated to, offer to fund such Post-Suspension Refinancing or arrange for another Person to fund such Post-Suspension Refinancing on the same terms as set out in the Proposal or on such other terms as may be considered by the Province to be not more onerous on the Financing Entity and that are acceptable on that basis to the Financing Entity, acting reasonably. If, within such 30-day period, the Province elects to offer to fund such Post-Suspension Refinancing as provided in the preceding sentence, the Manager shall accept such offer; however, if the Province does not elect to offer to fund such Post-Suspension Refinancing, the Manager shall cause the Financing Entity to incur Primary Obligations constituting such a Post-Suspension Refinancing on substantially the same terms **(excluding, for greater certainty, any financial terms, rates or levels)** as ~~than~~ those set out in the Proposal if the Post-Suspension Refinancing can be completed by the Financing Entity in compliance with the Act, or on such other terms as would not have a Material Effect**, without taking into account any financial terms, rates or levels**.

7.04 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Post-Suspension Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the later of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Amount.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity
Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust

Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B delivered by the FSM in accordance with Section 4.02(a)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing, other than a Post-Suspension Refinancing or a Pre-Approved Refinancing, of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**Financing Plan**" has the meaning ascribed to the term "Financing Plan" in the Act **as of the date of this Agreement**.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Holder**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**IESO**" has the meaning ascribed thereto in the Act **as of the date of this Agreement**.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Liens**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

[**[**"**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee)**or the rights of the Province under the Limited Guarantee** that could reasonably be expected to affect (i) the timing of or circumstances under which Primary Obligations would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization); (ii) the appointment, obligations or duties of OPG as the Manager; (iii) the existence, powers or authority of the Financing Entity or the Financing Entity Trustee; (iv) the obligations of the Indenture Trustee to or in respect of the Province as a Specified Creditor; (v) the limitations and requirements otherwise applicable to the capital structure of the Financing Entity under any existing Program Agreement; (vi) the payment provisions and associated priorities set forth in the Trust Indenture; (vii) the obligations or liability of the Financing Entity to pay any tax, (viii) compliance by the FSM with the then applicable Financing Plan; (ix) the circumstances in which a Protection Event could arise; (x) compliance by the FSM, the Financing Entity or IESO with the Act or the General Regulation; (xi) the nature or character of the payment obligations (but, subject to compliance with the Financing Plan, irrespective of the amount payable thereunder) that could become payable under the Limited Guarantee; or (xii) the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of this Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.**] [NTD: Under review by accountants and subject to sign off by all parties.]**

"**Notes**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payable Approved Amounts**" has the meaning ascribed thereto in 2.01(a).

"**Payment Date**" has the meaning ascribed thereto in the Trust Indenture as of the date hereof.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Post-Suspension Refinancing**" means a Funding Obligation that is an Obligation Secured and that is incurred on or after the occurrence of a Suspension Event in compliance with the requirements of Section 7.03, as a Refinancing of one or more Series of Approved Obligations (including any Pre-Approved Refinancing ~~that is authorized to be~~ incurred on or after the occurrence of a Suspension Event), in each case the proceeds of which, together with any other funds that may be available, **are used solely for the purpose of paying** in full such Series of Approved Obligations.

"**Pre-Approved Refinancing**" means a Refinancing of a Certified Primary Obligation in respect of which the Province has, prior to the incurrence of such Certified Primary Obligation, ~~further~~ agreed shall ~~not be a Certified Primary~~**be an Approved** Obligation, subject to compliance with such conditions and requirements as may be specified in such ~~further~~ agreement.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that (X) adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a), or (Y) adversely affects the enforceability of, or adversely changes, the terms and conditions of this Agreement or of any of the agreements under which Approved Obligations arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligations and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligations that have become due and payable, in each case determined after taking into account and having regard to (i) any funds available at such time to apply to such Approved Obligations, including in any Finance Reserve Account, Capital Account or collateral posting account applicable under a Derivative Agreement, (ii) the availability of any credit enhancement agreement to which the Financing Entity is a party and (iii) any reasonably expected potential effect of a True-up Amount in the Reference Period immediately following the occurrence of an event described in paragraph (b).

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act **as of the date of this Agreement**.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date ~~hereof~~**of this Agreement**, as more particularly described and given meaning in the General Regulation as of the date ~~hereof~~**of this Agreement**.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditor**" has the meaning ascribed thereto in the Trust Indenture on the date hereof.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Subrogation Payment Date**" has the meaning ascribed thereto in clause 2.01(a)iv.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**True-up Amount**" has the meaning ascribed to the term "true up amount" in the Act as of the date ~~hereof~~**of this Agreement**.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [31]	Name:
Office:	Office:

[31] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

BNY Trust Company of Canada, as Indenture Trustee

AND TO:

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred, excluding Post-Suspension Refinancings or Pre-Approved Refinancings or (ii) any amendment of any Primary Obligation that has a Material Effect, unless otherwise agreed to by the Province, in each case, on or after delivery of this Suspension Notice.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on December-12-17 3:25:23 PM

Input:	
Document 1 ID	file://C:\Users\rramchan\Desktop\Ashbourne Draft.docx
Description	Ashbourne Draft
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24626868/1
Description	#24626868v1<TorysAtWork> - Change of Law Protection Agreement
Rendering set	Firm_Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	54
Deletions	44
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	98

From:	Gadi Mayman
To:	Mike Manning; Ronald Kwan; Ken Kandeepan
Cc:	Anna Strathy
Subject:	Fwd: Fair Hydro -- Change of Law Assumption Agreement
Date:	Thursday, October 19, 2017 9:27:51 AM

I see in Nina's email a reference to ISDA. Are we, under the change of law assumption agreement, guaranteeing any swaps that OPG trust may enter?

Begin forwarded message:

> **From:** "Mansoori, Nina" <nmansoori@torys.com>
> **Date:** October 19, 2017 at 9:17:25 AM EDT
> **To:** "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>
> **Cc:** LEE John -TREASURY <john.s.lee@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>, "Ramchandani, Rima" <rramchandani@torys.com>, "Feldman, Michael" <mfeldman@torys.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Donaldson, Mark (TBS)" <Mark.Donaldson@ontario.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Nelms, Scott (MOF)" <Scott.Nelms@ontario.ca>, "Devine, James (OFA)" <James.Devine@ofina.on.ca>, "Yep, Carlos (OFA)" <Carlos.Yep@ofina.on.ca>, "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>, "Cengarle, John (MOF)" <John.Cengarle@ontario.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Katona, Keley (MOF)" <Keley.Katona@ontario.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>, "Hirani, Anis (OFA)" <Anis.Hirani@ofina.on.ca>, "Kim, John (OFA)" <John.Kim@ofina.on.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "'STEPHEN.ASHBOURNE@blakes.com'" <STEPHEN.ASHBOURNE@blakes.com>, "'LADAK Lubna -TREASURY'" <lubna.ladak@opg.com>, "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Mansoori, Nina" <nmansoori@torys.com>
> **Subject: RE: Fair Hydro -- Change of Law Assumption Agreement**
>
> Good Morning Malle,
>
> In terms of Program Agreements, here is an update:
>
> -we have previously circulated the MTI and MTSA to Blakes. Both of these agreements are in mid-turn but we will send you the next circulation of these agreements once available.
> -we received an initial draft supplemental for the warehouse facility on Tuesday from the dealers' counsel. We have not yet reviewed it nor have we discussed it with

Oslers so we will send you the next circulation of this document.
-I am attaching the most current versions of the Declaration of Trust and the Management Agreement (which are subject to the continuing review of the working group).
-we'll have a form of ISDA Schedule to you soon.
-we don't expect to have a substantially advanced draft of the OM to share until November.

Please let me know if you have any questions.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: October-18-17 7:02 PM
To: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Nina,

We will be reviewing your comments and mark-up.

On a related point, do you have available yet drafts of any of the other agreements that will be required in connection with a proposed issuance by the financing entity and that we have previously discussed and requested copies of

such as a draft supplemental indenture, draft disclosure documents, drafts of other agreements referenced in the master trust indenture to the extent they would be used in or related to an issuance by the Financing Entity etc. The Protection Agreement is proposed to work in the context of these other agreements and this would provide a better context for review by the Province. If they are not yet available, when are they expected to be available?

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 18, 2017 9:53 AM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield

Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise

if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie - LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
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Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

<image001.jpg>[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity

and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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<Fair Hydro - Management Agreement (DRAFT).pdf>

<Fair Hydro - Declaration of Trust (DRAFT).pdf>

From: Ronald Kwan
To: John Kim
Subject: Fwd: For Discussion with Malle
Date: Thursday, November 09, 2017 1:48:34 PM

Hi John,

Any comments?

Ron

Begin forwarded message:

From: Anna Strathy <Anna.Strathy@ofina.on.ca>
Date: November 9, 2017 at 1:24:28 PM EST
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, Mike Manning <Mike.Manning@ofina.on.ca>, Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: For Discussion with Malle

Hi Gadi,

Thank you. I've updated the list to include the items you've flagged below so that we have everything in one place:

Process Agreement

<!--[if !supportLists]-->• <!--[endif]-->2.01 Deliveries to the Province
- <!--[if !supportLists]-->o <!--[endif]-->No concerns with removing PILS/tax language

<!--[if !supportLists]-->• <!--[endif]-->2.02 Covenants
- <!--[if !supportLists]-->o <!--[endif]-->First use of *commercially reasonable efforts* and then throughout
- <!--[if !supportLists]-->o <!--[endif]-->Need legal opinion on whether to change to *best efforts*

<!--[if !supportLists]-->• <!--[endif]-->2.02 (b) (iv) Province to review any description of the protection agreement
- <!--[if !supportLists]-->o <!--[endif]-->No concerns with this deletion
- <!--[if !supportLists]-->o <!--[endif]-->OPG likely to use boilerplate description of the guarantee

<!--[if !supportLists]-->• <!--[endif]-->2.02 (c) Indemnity
- <!--[if !supportLists]-->o <!--[endif]-->No concerns, likely a requirement for OPG Board

<!--[if !supportLists]-->• <!--[endif]-->4.01 Protection Agreement Maximum
- <!--[if !supportLists]-->o <!--[endif]-->CRITICAL – we can be flexible on the wording but we can't agree to removing Provincial approval of a

maximum

<!--[if !supportLists]-->o <!--[endif]-->Subject to OPCD review/input

<!--[if !supportLists]-->• <!--[endif]-->5.02 Reps and Warranties of the Province

<!--[if !supportLists]-->o <!--[endif]-->No concerns

Protection Agreement

<!--[if !supportLists]-->• <!--[endif]-->Need to review the Indemnity Agreement

<!--[if !supportLists]-->• <!--[endif]-->1.17 References to the Financing Entity

<!--[if !supportLists]-->o <!--[endif]-->No concerns with removing Trustee

<!--[if !supportLists]-->• <!--[endif]-->2.09c Modifications of Approved Obligations

<!--[if !supportLists]-->o <!--[endif]-->Why not seek consent of the Province when changing its obligations?

<!--[if !supportLists]-->• <!--[endif]-->Article V

<!--[if !supportLists]-->o <!--[endif]-->Edit title to ***Provincial*** *Matters*

<!--[if !supportLists]-->• <!--[endif]-->5.01 Assignment and Subrogation

<!--[if !supportLists]-->o <!--[endif]-->Why remove the subrogation after the Province has taken on the obligations?

<!--[if !supportLists]-->• <!--[endif]-->7.04 Release of All Collateral

<!--[if !supportLists]-->o <!--[endif]-->What is meant by collateral? Would it include sinking funds? If it does, the Province should get the sinking funds, not leave them with OPG

<!--[if !supportLists]-->• <!--[endif]-->9.07 Force Majeure

<!--[if !supportLists]-->o <!--[endif]-->Why remove the Force Majeure clause?

From: Gadi Mayman
Sent: Thursday, November 09, 2017 12:50 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: For Discussion with Malle

That lines up with my recollection. In the process agreement on 4.01, the only point that I'll raise in addition to what you've written is that OPCD may have a view. On the Protection Agreement, I also had a note on 2.09c where I was wondering why they wouldn't want the consent of the Province if changing your obligations. On 5.01, we were wondering why OPG want to remove the subrogation after we've taken on the obligations, and why they would care at that point. For 7.04, we were wondering what is meant by collateral in this agreement, and whether it would

include sinking funds, because if it does, we should get the sinking funds, not leave them with OPG. One other point I had was on 9.07 and a question of why they'd want the Force Majeure clause removed.

Thanks for putting this together.

Gadi

From: Anna Strathy
Sent: Thursday, November 09, 2017 12:27 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: For Discussion with Malle

Hi Gadi,

As discussed, here are the areas that you may want to raise with Malle this afternoon before we arrange a meeting with the larger group:

<u>Process Agreement</u>

<!--[if !supportLists]-->• <!--[endif]-->2.01 Deliveries to the Province
- <!--[if !supportLists]-->o <!--[endif]-->No concerns with removing PILS/tax language

<!--[if !supportLists]-->• <!--[endif]-->2.02 Covenants
- <!--[if !supportLists]-->o <!--[endif]-->First use of *commercially reasonable efforts* and then throughout
- <!--[if !supportLists]-->o <!--[endif]-->Need legal opinion on whether to change to *best efforts*

<!--[if !supportLists]-->• <!--[endif]-->2.02 (b) (iv) Province to review any description of the protection agreement
- <!--[if !supportLists]-->o <!--[endif]-->No concerns with this deletion
- <!--[if !supportLists]-->o <!--[endif]-->OPG likely to use boilerplate description of the guarantee

<!--[if !supportLists]-->• <!--[endif]-->2.02 (c) Indemnity
- <!--[if !supportLists]-->o <!--[endif]-->No concerns, likely a requirement for OPG Board

<!--[if !supportLists]-->• <!--[endif]-->4.01 Protection Agreement Maximum
- <!--[if !supportLists]-->o <!--[endif]-->CRITICAL – we can be flexible on the wording but we can't agree to removing Provincial approval of a maximum

<!--[if !supportLists]-->• <!--[endif]-->5.02 Reps and Warranties of the Province
- <!--[if !supportLists]-->o <!--[endif]-->No concerns

<u>Protection Agreement</u>

<!--[if !supportLists]-->• <!--[endif]-->Need to review the Indemnity Agreement
<!--[if !supportLists]-->• <!--[endif]-->1.17 References to the Financing Entity
<!--[if !supportLists]-->o <!--[endif]-->No concerns with removing Trustee
<!--[if !supportLists]-->• <!--[endif]-->Article V
<!--[if !supportLists]-->o <!--[endif]-->Edit title to ***Provincial*** *Matters*
<!--[if !supportLists]-->• <!--[endif]-->5.01 Assignment and Subrogation
<!--[if !supportLists]-->• <!--[endif]-->7.04 Release of All Collateral

I've highlighted the last two because I'm not sure I understand what our concerns were on these two areas of the Agreement.

Hopefully these line up with your own notes, but I would recommend just scanning to make sure I haven't missed anything.

Thanks, Anna

From:	Ronald Kwan
To:	John Kim
Cc:	Gavin He
Subject:	Fwd: Next step on support agreement
Date:	Thursday, September 14, 2017 8:20:48 AM

Hi John,

Please note.

Gavin, would you reschedule my 10 am meeting.

Thanks,
Ron

Begin forwarded message:

> **From:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> **Date:** September 14, 2017 at 8:17:20 AM EDT
> **To:** Mike Manning <Mike.Manning@ofina.on.ca>
> **Cc:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, "Malle Hanslep (MOF)" <Malle.Hanslep@ontario.ca>, "Tobias P. Whitfield (MOF)" <Tobias.Whitfield@ontario.ca>, "Scott Nelms (ENERGY)" <Scott.Nelms@ontario.ca>, Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject: Re: Next step on support agreement**
>
> OPG is saying that the support agreement as written doesn't meet their accounting needs. This needs to be resolved this morning, and hopefully in a manner that doesn't affect what the Minister of Energy signed off yesterday, as he is now gone. Please arrange a meeting for this morning, ideally around 10 because it must end before 11 when I have to leave for a meeting that I can't miss.
>
> > On Sep 14, 2017, at 7:18 AM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
> >
> > I believe the Minister of Energy signed the TB submission yesterday, so, unless I'm missing something about how the TB process works, the time for discussion is over and I'm not sure what the purpose of their working session would be.
> >
> > > On Sep 14, 2017, at 7:04 AM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:

OPG will be sending out their newest version of the support agreement today, hopefully first thing in the morning. I don't know any of the details at this time. John Lee is proposing a working session for today to work out the details. I have asked him to come back with potential timing for the session. Given our need to resolve these issues as soon as possible, this approach seems reasonable. Please let me know if you are ok with this approach, and I will share potential timing with you as I get more details. I've asked John to share the business issues prior to the session and will update you when I get more details.

Sent from my iPad

From:	Ronald Kwan
To:	John Kim
Subject:	Fwd: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC
Date:	Thursday, September 21, 2017 2:44:03 PM
Attachments:	4 RAN MOF ENERGY -Provincial Protection Agreement v6.doc ATT00001.htm

---

Hi John,

Comments?

Ron

Begin forwarded message:

> **From:** "Strang, James (TBS)" <James.Strang@ontario.ca>
> **Date:** September 21, 2017 at 2:12:57 PM EDT
> **To:** "Reiss, Anthony (MOF)" <Anthony.Reiss@ontario.ca>, "Gounden, Pratima (ENERGY)" <Pratima.Gounden@ontario.ca>
> **Cc:** "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, "Hosick, Sarah (TBS)" <Sarah.Hosick@ontario.ca>, "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Malekzadeh, Afshin (TBS)" <Afshin.Malekzadeh@ontario.ca>, "Skubel, Chris (TBS)" <Chris.Skubel@ontario.ca>, "Komal, Indira (TBS)" <Indira.Komal@ontario.ca>, "Wichenko, Lenna (TBS)" <Lenna.Wichenko@ontario.ca>
> **Subject: RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC**
>
> Hi, attached is a revised note that includes feedback from OPCD and an additional minute following Chair's pre-brief to have a report back with the final accounting/legal/financial risk opinions.
>
> Thanks in advance,
>
> James Strang
> 416-327-2071

	TREASURY BOARD / MANAGEMENT BOARD OF CABINET REQUEST ASSESSMENT NOTE	
	Ministry:	Energy & Finance
	Meeting Date:	September 25, 2017
	Agenda Class:	Discussion (In-Camera)
	Last reviewed by: ENERGY TB/MBC May 9, 2017	**Tracking to:** Fast Track Cabinet (September 27, 2017)

SUBMISSION TITLE:	Provincial Protection Agreement (Supports Ontario's Fair Hydro Plan implementation)

I. DECISION BEFORE THE BOARD

Approve the Ministries plan for implementing provisions within the *Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc.

II. RECOMMENDATIONS

Approve the plan for implementing provisions of the *Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc. (OPG).	*Approve*
Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Fair Hydro Plan Act, 2017(FHPA).* – In respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two Ministers acting together may determine	*Authorize*
Recommend that Cabinet approve an Order in Council (OIC), in accordance with section 5 of the *Fair Hydro Plan Act, 2017 (FHPA)* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province, – To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and – To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.	*Recommend*

III. FINANCIAL SUMMARY

$ Millions	**2017-18**	**2018-19**	**2019-20**
Initiative cost requested	0.0	0.0	0.0
Initiative cost recommended	0.0	0.0	0.0
Recommended program base	0.0	0.0	0.0
Offset Recommended	0.0	0.0	0.0

Total Fiscal Impact	0.0	0.0	0.0

IV. KEY COMMENTS AND CONSIDERATIONS

Under the *Fair Hydro Plan Act, 2017*, (FHPA), which enables Global Adjustments (GA) Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected from consumers.

- IESO will incur a cash shortfall, as the amounts collected from the consumers of electricity (collected by local distribution companies) will be reduced, but the amounts paid to the generators of electricity will remain at the market and/or contractual rates.

The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset".

The OFHPA provides for IESO to sell all or a portion of the Regulatory Asset (i.e., to sell the right to recover those deferred amounts from specified consumers in the future). Under the FHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the FHPA) will he the right, but not the obligation to purchase the regulatory asset, effectively financing the shortfall generated by the reduction in amounts collected from eligible ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity will borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly the Province) from the capital markets.

OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

- Providing this through Provincial assurance and guarantee provisions was recommended in a May 2017 TB/MBC item reviewing proposed FHPA.

What would trigger the protection agreement?

Ontario Financing Authority (OFA), the Ministry of Finance and external advisors recommend limiting activation of the protection agreement to the following circumstances (Appendix C provides the non-binding term sheet):

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the FHPA/related regulations or new legislation that materially and adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid; and
- A change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province that materially and adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investment interest so that it can pay its funding obligations.

Financial:

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the contingent liability would increase over the duration of Ontario's Fair Hydro Plan (OFHP) and peak at approximately $20B of debt (final cost forecasts TBC), including principal and accumulated interest.

- In the event the protection agreement is triggered, the Province's net debt would be expected to

increase by an amount equal to the contingent liability for the debt outstanding at that point in time.

- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments related to derivatives agreements and for service providers that the Province will be required to make. The fiscal impact of the increased interest payments will depend on the circumstances of the change (e.g. will the amounts continue to be recovered from the ratepayers through the clean energy adjustment as provided for under the FHPA).

Financial (Risk) – In the event the protection agreement is triggered:

The Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements (e.g. the Financing Entity might enter into interest rate swap agreements to hedge the interest rate payable on its issued debt) and to service providers.

- The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period.

This would likely have implications for the Province's fiscal plan and appropriation requirements.

- The Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time, and the Province may incur an expense equal to the amount of the debt.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. The worst case scenario would be the Province assuming the debt at its peak at which point interest on debt (IOD) expense could increase between $0.8B and $1.3B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.
- In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged. In addition, the Province would have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required and may require a change in legislation.

The Ministries indicate that if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (IOD expense) will depend on whether or not some portions of the OFHPA continue in some form, or not.

- For example, if the payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments, albeit not necessarily in the same fiscal period; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense as well as any continued impact of reduced electricity rates would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used.

- Debt incurred to benefit the ratepayer could become the responsibility of the taxpayer.

TBS staff note the protection agreement, assuming the Board proceeds with the request, would be approved prior to the commercial agreements being finalized. Also from an accounting perspective, previously provided opinions/memos from KPMG re: IESO and EY re: OPG have yet to be updated.

Implementation
The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the two Ministers seeking the OIC in the form attached to the final TB/MBC Submission.

The Minister of Finance will also be requested to approve under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

MOF Legal indicates the intention is that the protection agreement signed by the two Ministers would apply to all subsequent agreements entered into by the Financing Entity subject to compliance with the terms and conditions set out in the protection agreement. A section 28 approval of the protection agreement should cover these subsequent agreements. This may change as the protection agreement and the terms and conditions of the process have not been determined by the Ministers.

Name of analyst:	James Strang	**Phone number:**	416-325-2071
Date:	September 21, 2017	**Log number:**	
Branch / Division:	GGPR / PEMD / Treasury Board Secretariat		

APPENDIX A: PROPOSED MINUTE

Approve the Ministries plan for implementing provisions of the *Fair Hydro Plan Act, 2017 (FHPA)* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc.

In this regard,

i) Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out non-binding term sheet – Provincial Protection and Assurances Indicative Term Sheet included in the TB/MBC Submission, and subject to such revisions that the two ministers acting together may determine.

ii) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the FHPA, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   a) To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
   b) To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

iii) Direct the Ministry to report back to TB/MBC with final accounting/legal/financial risk opinions.

APPENDIX B: FINANCIAL TABLES

FINANCIAL IMPACTS: CHANGES TO EXPENSE AND REVENUE					TABLE B1
		Fiscal Plan Basis			*Appropriations Basis*
$ Millions		**2017-18**	**2018-19**	**2019-20**	**2017-18**
Initiative cost recommended					
Expense changes:					
	Oper				
Expense Offset:					
	Oper				
Total Fiscal Impact		0.0000	0.0000	0.0000	**0.0000**

APPENDIX C: EXCERPT FROM *FAIR HYDRO PLAN ACT, 2017*

Protection and assurances

Prohibition

5 (1) No action or omission by the Board, the Minister or the Crown shall be effective to reduce, impair, postpone or terminate the obligations of specified consumers to pay amounts in respect of the clean energy adjustment or to impair or postpone the invoicing, collection or remittance of the clean energy adjustment.

Agreements

(2) The Minister and the Minister of Finance may together, with the approval of the Lieutenant Governor in Council, enter into agreements on behalf of the Province of Ontario with any person in respect of this Act, including agreements regarding the performance of the IESO or electricity vendors under this Act or related transactions.

Guarantee, indemnification

(3) The Lieutenant Governor in Council may by order,

(a) authorize the Minister and the Minister of Finance, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity;

(b) specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance; and

(c) specify a maximum liability for the guarantee or indemnity.

APPENDIX D: NON-BINDING TERM SHEET

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends the Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*);

	(5) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that [materially][1] and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][2] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that [materially][3] and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity.

[1] Under consideration to assess the marketability implications of materiality threshold.

[2] Under consideration to assess the marketability implications of this phrase.

[3] See footnote 1, above.

Optional Assumption:	At any time following the occurrence of a Protection Event, the Obligor shall be entitled (but not obligated) to assume the Financing Entity's obligations in respect of Specified Claims as obligor and debtor. The Financing Entity (including through the Financial Services Manager) will ensure that Specified Claims permit such an assumption by the Obligor without any penalty or make-whole payment (or, in the case of any contract for the provision of on-going services to the Financing Entity, the satisfaction and termination of the Specified Claims without any acceleration of future fees, profits or other like amounts), or any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

APPENDIX F: RISK UPDATE

The current submission, Provincial Protection Agreement, is reflected under the risk "Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding" as part of risk mitigating strategy.

Risk	Level of Risk	Risk Response
Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** 12 to 24 months **Rationale** • The proposed borrowing structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on the interest rate for borrowing, the amount of equity / funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • There is a risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's own ratings and cost of borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B (in the March 1, 2017 Cabinet Submission) is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the province to offset a part of the scheduled increases. • Fiscal impacts will be subject to fluctuations in Ontario electricity demand, GA and interests rates in the medium-to long term. As well as if a protection agreement is called upon: o OPG, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.	Risk can be mitigated by: • Providing a "provincial guarantee" for the cost of borrowing. • Drafting legislation to provide assurance to OPG and investors regarding the permanence of the GA refinancing framework and the authority of the legislation to pass the legislation; and enable the Province to guarantee borrowing of the trust in the event of a market disruption. • Specifics of a guarantee are dependent on the negotiation of agreements not yet initiated. Limiting triggers of a protection agreement to legislative (regulatory) changes and/or judicial decisions etc. • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost.

From:	John Kim
To:	Ronald Kwan
Subject:	Fwd: Provincial Protection Agreement, Review | OFA, Energy, Legal Counsel, Blakes
Date:	Friday, December 08, 2017 12:13:01 PM

Hi Ron,

Would you be going to this one? If so, I am hoping to skip. We have a branch lunch in the ADM boardroom which is starting a bit late

John

Sent from my iPhone

Begin forwarded message:

> **From:** Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Date:** December 8, 2017 at 12:06:53 PM EST
> **To:** Mike Manning <Mike.Manning@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, Ronald Kwan <Ronald.Kwan@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>
> **Cc:** Anis Hirani <Anis.Hirani@ofina.on.ca>
> **Subject: RE: Provincial Protection Agreement, Review | OFA, Energy, Legal Counsel, Blakes**
>
> I thought we could take the call in the Capital Markets Boardroom.
>
> -----Original Appointment-----
> **From:** Anna Strathy
> **Sent:** Friday, December 08, 2017 11:56 AM
> **To:** Anna Strathy; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Gadi Mayman; Malle Hanslep (MOF); Hresa Gavaris; John Kim; Hilary Cox (ENE); Steen Hume (CAB); Tim Christie (ENERGY); Daniel Cayley (ENERGY)
> **Subject:** Provincial Protection Agreement, Review | OFA, Energy, Legal Counsel, Blakes
> **When:** Friday, December 08, 2017 1:00 PM-2:00 PM (UTC-05:00) Eastern Time (US & Canada).
> **Where:** Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656
>
> Toll-free dial-in number: 1-866-602-5461
> Local dial-in number: 416-212-8011
> Conference ID: 4717656
> OFA to Moderate

From:	Anna Strathy
To:	Tobias P. Whitfield (MOF); Malle Hanslep (MOF); Ken Kandeepan; Ronald Kwan; Mike Manning; Keley Katona (ENERGY)
Cc:	Gadi Mayman; Anthony Reiss (MGS)
Subject:	Fwd: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Tuesday, September 19, 2017 10:10:43 AM
Attachments:	4 RAN MOF ENERGY - Change of Law Protection Agreement v4.doc ATT00001.htm 1b Draft TB20 Submission_Provincial Protection Agreement_V8_clean.pdf ATT00002.htm

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Good morning,

Please find attached, the draft TBS Assessment note on the Provincial Protection Agreement. Please review and provide comments to me by 3:00pm this afternoon and I will consolidate comments for Gadi's review.

With respect to James' questions, I'll follow up separately and I expect some will be answered in the updated draft of the submission (with final term sheet).

Thank you, Anna

Sent from my iPhone

Begin forwarded message:

> **From:** "Strang, James (TBS)" <James.Strang@ontario.ca>
> **To:** "Anthony Reiss (MGS)" <Anthony.Reiss@ontario.ca>, "Pratima Gounden (ENERGY)" <Pratima.Gounden@ontario.ca>
> **Cc:** "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, "Hosick, Sarah (TBS)" <Sarah.Hosick@ontario.ca>, "Anna Strathy" <Anna.Strathy@ofina.on.ca>, "Ronald Kwan" <Ronald.Kwan@ofina.on.ca>, "Afshin Malekzadeh (MOHLTC)" <Afshin.Malekzadeh@ontario.ca>, "Chris Skubel (MGS)" <Chris.Skubel@ontario.ca>, "Indira Komal (MCSCS)" <Indira.Komal@ontario.ca>, "Lenna Wichenko (MCSCS)" <Lenna.Wichenko@ontario.ca>, "Paul Kaufman (MOHLTC)" <Paul.Kaufman@ontario.ca>, "Nick Smook (MOF)" <Nick.Smook@ontario.ca>
> **Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC**
>
> Hi,
>
> Attached is a draft TB/MBC note based on draft submission version 8 (also attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.
>
> Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

- Draft sub takes about a Change of Law Protection Agreement and identifies three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify.
    - Regarding the third trigger, is this in or out? If in, is there any consideration being given to the Province to narrow the very broad scope?
- What are derivative agreements? Payments under derivative agreements?
- Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market?
- Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does the requested minute cover off s28 FAA?

Thanks in advance,

James Strang
416-327-2071

	TREASURY BOARD / MANAGEMENT BOARD OF CABINET REQUEST ASSESSMENT NOTE	
	Ministry:	Energy & Finance
	Meeting Date:	September 26, 2017
	Agenda Class:	Discussion (In-Camera)
	Last reviewed by: ENERGY TB/MBC May 9, 2017	**Tracking to:** Fast Track Cabinet (September 27, 2017)

SUBMISSION TITLE:	Change of Law Protection Agreement (Supports Ontario Fair Hydro Plan implementation)

I. DECISION BEFORE THE BOARD

Approve the Ministries plan for implementing provisions within the *Ontario Fair Hydro Plan Act, 2017* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc.

II. RECOMMENDATIONS

Approve the plan for implementing provisions of the *Ontario Fair Hydro Plan Act, 2017* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc. – Under certain circumstances, the Province would pay when due amounts in respect of the obligations of the Financing Entity (Established by OPG)	*Approve*
Authorize that the Minister of Finance and Minister of Energy to provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017.* – In respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two Ministers acting together may determine	*Authorize*
Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province, – to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and – to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.	*Recommend*

III. FINANCIAL SUMMARY

$ Millions	**2017-18**	**2018-19**	**2019-20**
Initiative cost requested	0.0	0.0	0.0
Initiative cost recommended	0.0	0.0	0.0
Recommended program base	0.0	0.0	0.0

Offset Recommended	0.0	0.0	0.0
Total Fiscal Impact	0.0	0.0	0.0

IV. KEY COMMENTS AND CONSIDERATIONS

Under the *Ontario Fair Hydro Plan Act, 2017*, (OFHPA), which enables Global Adjustments (GA) Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset".

The OFHPA provides for the IESO to sell all or a portion of the Regulatory Asset (i.e., to sell the right to recover those deferred amounts from specified consumers in the future). Under the OFHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the OFHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly the Province) from the capital markets

OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

- Providing this, in a May 2017 TB/MBC item reviewing proposed Ontario Fair Hydro Plan legislation, through Province assurance and guarantee provisions, was recommended.

What would trigger the protection agreement?

Ontario Financing Authority (OFA), the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances (Appendix C provides the non-binding term sheet):

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the OFHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or unenforceable; and
- [Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations.
  - *Note: this third protection event is not included in the current draft of the term sheet agreed to by Ministry of Finance staff; however, OPG is expected to continue to negotiate for its inclusion. It has been included in the TB submission, but may be removed once negotiations are complete, prior to TB/MBC consideration of this item on September 26, 2017.*]

….the third bullet isn't change of Law related?…

Financial:

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of the OFHP and peak at an estimated $24B to $26B of debt (final cost forecasts TBC), including principal and accumulated interest.

- In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

Financial (Risk) – In the event the protection agreement is triggered:

The Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers. This would likely have implications for the Province's fiscal plan and appropriation requirements.

- The Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement.
- In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged. In addition, the Province would also have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The Ministries indicate that if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (Interest On Debt (IOD) expense) will depend on whether or not some portions of the OFHPA continue in some form, or not.

- For example if the If the payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used.
- Debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

Name of analyst:	James Strang	**Phone number:**	416-325-2071
Date:	September 18, 2017	**Log number:**	
Branch / Division:	GGPR / PEMD / Treasury Board Secretariat		

APPENDIX A: PROPOSED MINUTE (UNDER DEVELOPMENT)

Approve the Ministries plan for implementing provisions of the *Ontario Fair Hydro Plan Act, 2017* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc. In particular, that under certain circumstances the Province would pay when due amounts in respect of the obligations of the Financing Entity (Established by OPG).

In this regard,

i) Authorize that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out non-binding term sheet – Provincial Protection and Assurances Indicative Term Sheet including in the TB/MBC Submission, (… minuting an attachment?…or include key parameters in minute only, given request for the subject to revisions provision…) and subject to such revisions that the two ministers acting together may determine;

ii) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the Ontario Fair Hydro Act, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   a) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
   b) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

APPENDIX B: FINANCIAL TABLES

FINANCIAL IMPACTS: CHANGES TO EXPENSE AND REVENUE					TABLE B1
		Fiscal Plan Basis			*Appropriations Basis*
$ Millions		**2017-18**	**2018-19**	**2019-20**	**2017-18**
Initiative cost recommended					
Expense changes:					
	Oper				
Expense Offset:					
	Oper				
	Oper				
Total Fiscal Impact		0.0000	0.0000	0.0000	**0.0000**

APPENDIX C: EXCERPT FROM *ONTARIO FAIR HYDRO PLAN ACT, 2017*

Protection and assurances

Prohibition

5 (1) No action or omission by the Board, the Minister or the Crown shall be effective to reduce, impair, postpone or terminate the obligations of specified consumers to pay amounts in respect of the clean energy adjustment or to impair or postpone the invoicing, collection or remittance of the clean energy adjustment.

Agreements

(2) The Minister and the Minister of Finance may together, with the approval of the Lieutenant Governor in Council, enter into agreements on behalf of the Province of Ontario with any person in respect of this Act, including agreements regarding the performance of the IESO or electricity vendors under this Act or related transactions.

Guarantee, indemnification

(3) The Lieutenant Governor in Council may by order,

(a) authorize the Minister and the Minister of Finance, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity;

(b) specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance; and

(c) specify a maximum liability for the guarantee or indemnity.

APPENDIX D: NON-BINDING TERM SHEET

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the General Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council

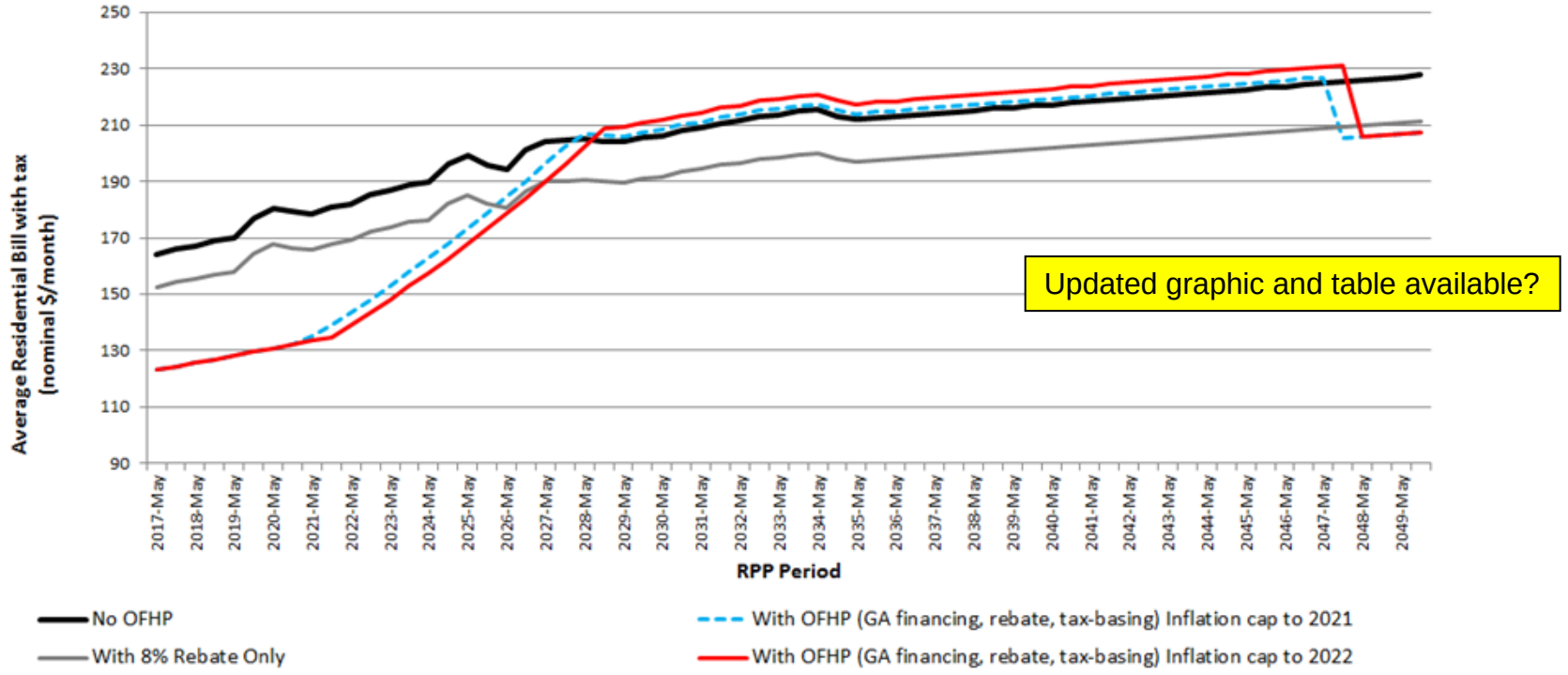
	makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*), in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act or the Regulation is *ultra vires* in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent.

Optional Replacement:	At any time following the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable, the Obligor shall be entitled (but not obligated) to replace the Financing Entity as obligor and debtor and directly assume all of the Financing Entity's outstanding obligations and liabilities. The Financing Entity (including through the Financial Services Manager) will ensure that any obligation and liabilities undertaken or assumed by it will by their terms permit such a replacement and assumption (or, if applicable, satisfaction and termination) by the Obligor without additional cost or penalty and without any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The Change of Law Protection Agreement will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Protection Agreement applies to such Specified Claim. The Change of Law Protection Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Protection Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims. The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.

Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

APPENDIX E: PROFILE GLOBAL ADJUSTMENT SMOOTHING FOR RPP – ELIGIBLE ONLY – MAY 2017 TB/MBC SUBMISSION

The following graphic and table shows the multi-year profile of the planned approach to GA Smoothing that was included with the May 2017 TB/MBC Submission. The table below supports the Ministries assessment that the potential contingent liability under the protection agreement over the duration of the OFHP would peak at an estimated $24M to $26B (subject to final cost forecasts TBC), including principal and interest.



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Average monthly bill with OFHP ($/month)	124	126	129	131	137	146	155	165	176	187	199	207	207	209	212	214	216	216	214	215	216	217	219	220	221	222	223	224	225	226	216	206
Year-over-year change (%)	n/a	2.01	2.01	2.01	4.25	6.44	6.44	6.44	6.44	6.44	6.44	3.61	0.08	1.20	1.29	1.14	0.93	-0.04	-0.88	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	-4.37	-4.61
Impact of GA financing and tax-basing ($/month)	-29.9	-30.0	-35.0	-34.4	-28.8	-24.0	-17.8	-14.2	-3.3	3.4	12.2	16.4	16.5	16.7	16.9	17.1	17.2	17.1	17.0	17.1	17.2	17.3	17.4	17.5	17.6	17.6	17.7	17.8	17.9	18.0	-3.9	-4.0
Total accumulated debt ($B)	2.5	5.2	8.2	11.6	14.7	17.5	19.9	22.0	23.5	24.1	24.2	23.7	23.1	22.5	21.8	21.0	20.1	19.2	18.3	17.2	16.1	14.9	13.7	12.3	10.9	9.3	7.7	5.9	4.1	2.1	0.0	0.0
Total change in accumulated debt ($B)	2.5	2.6	3.0	3.5	3.1	2.8	2.4	2.0	1.6	0.6	0.1	-0.5	-0.6	-0.6	-0.7	-0.8	-0.8	-0.9	-1.0	-1.0	-1.1	-1.2	-1.3	-1.4	-1.4	-1.5	-1.6	-1.7	-1.9	-2.0	-2.1	0.0

Notes: Assumes 30 year financing period and a nominal interest rate of 5% (compounded monthly). Ratepayer GA payments increase annually beyond 2020 such that the average monthly residential electricity bill increases by 6.3% per year to a maximum of $2.2 billion above the true cost of GA in any given year to cap repayment charges at around 10% of total bill. IESO forecast is based on IESO's revised OPO forecast as of February 2017. Includes the cancellation of LRP II and EFW, expansion of ICI. Does not include smoothed OPG rates. Above residential bill is based on a 750 kWh per month Toronto Hydro customer. Data shown above is by RPP period. Assumes RPP prices are adjusted in July 2021 instead of May 2021 to coincide with the end of the inflation cap. Fair allocation amounts subject to third party review.

APPENDIX F: OVERVIEW OF RISKS

Prepared by TBS staff, the following chart, as part of the May 2017 OFHP implementation update focused on the proposed legislation. It provides an overview of strategic (versus operational) risks to inform the approval/decision making process regarding the proposed legislation. Each part, GA Partial Refinancing & Electricity social programs, is a separate table.

The current submission, Change of Law Protection Agreement, is reflected under the risk "Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding" (page 16) as part of risk mitigating strategy.

Global Adjustment Partial Refinancing:

Objective: Provide immediate ratepayer relief by capping rate increases at Consumer Price Index (CPI) for four years and refinancing GA costs over a longer period of time. Develop and implement a financing structure that increases provincial borrowing, but has no impact on annual provincial surplus/deficit.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA smoothing being allocated to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there could be a negative impact on the province's fiscal plan up to $2.5B in 2017-18 and rising. • Rating agencies and investors in the Province's debt may view all of the borrowing as an obligation of the Province, especially taking into account the nature of provincial guarantees, which could put pressure on the Province's credit rating and overall borrowing capacity. • Proposed structure may result in a negative response from Ontario Auditor General (OAG) due to previous concerns regarding recognition of rate regulated assets and liabilities. The AG has already expressed concerns regarding the accounting treatment on the IESO's books which could lead to a qualification of the Province's consolidated financial statements. • Initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to justify structure of financial model and be utilized in discussions with the OAG. • Identify potential options to minimize the balance of rate regulated assets remaining on the IESO's books at fiscal year-end.

Risk	Level of Risk	Risk Response
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.
A legal determination that the Province is spreading the costs of GA financing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Medium **Risk Impact:** High **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and close monitoring of costs and changes in variables built into model. • Analyze the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Financing the costs of GA smoothing through OPG SPV/Trust and the volatility of interest rates may increase the cost of GA smoothing and/or require additional provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Moderate **Time Scale:** 12 to 24 months **Rationale** • The proposed structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on interest rate for borrowing, the amount of equity/funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the government to offset a part of the scheduled increases. • Risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's ratings and cost of borrowing.	Risk can be avoided by: • Province providing a potential guarantee for the cost of borrowing – however, would redirect risk back to the Province and negate benefits of proposed financing structure. Risk can be mitigated by: • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost. • Proposed legislation to enable GA refinancing has been draft with input from third-party financers. Provides a 'narrow' provincial guarantee and ensuring that debt holders have the right of action against a future government to recover the amount outstanding including interest, fees, expenses and any damages.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA Refinancing having a fiscal impact to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there would be a negative impact on the province's fiscal plan of up to $2.5B in 2017-18 and rising. • Rating agencies and investors in Province's debt may view all of the borrowing as an obligation of the Province, which could put pressure on the Province's credit rating and overall borrowing capacity. • The proposed structure may result in an opinion from the Ontario Auditor General (OAG) considering previous concerns regarding recognition of rate regulated assets and liabilities. The OAG may take this into account when the provincial books are audited. • An initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards. Additional analysis is still required.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to support discussions of the financial model with the OAG.
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.

Risk	Level of Risk	Risk Response
A legal determination that the Province is spreading the costs of GA refinancing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and ongoing monitoring of costs and changes in variables built into model. • Analysis of the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** 12 to 24 months **Rationale** • The proposed borrowing structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on the interest rate for borrowing, the amount of equity / funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • There is a risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's own ratings and cost of borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B (in the March 1, 2017 Cabinet Submission) is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the province to offset a part of the scheduled increases. • Fiscal impacts will be subject to fluctuations in Ontario electricity demand, GA and interests rates in the medium-to long term. As well as if a protection agreement is called upon: o OPG, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.	Risk can be mitigated by: • Providing a "provincial guarantee" for the cost of borrowing. • Drafting legislation to provide assurance to OPG and investors regarding the permanence of the GA refinancing framework and the authority of the legislation to pass the legislation; and enable the Province to guarantee borrowing of the trust in the event of a market disruption. • Specifics of a guarantee are dependent on the negotiation of agreements not yet initiated. Limiting triggers of a protection agreement to legislative (regulatory) changes and/or judicial decisions etc. • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost.

Electricity social programs (Enhancing Electricity Support & Conservation Programs):

Objective: Shift funding of existing and new electricity support programs (RRRP, OESP, Affordability Fund, First Nations Credit) from rate to tax base.

Risk	Level of Risk	Risk Response
Uncertainty in forecasting due to exposure to changes and/or volatility (i.e. interest rates, electricity usage patterns, and distribution costs) may result in higher than anticipated fiscal impacts for the Province.	**Risk Likelihood:** Possible **Risk Impact:** Major **Timescale:** 12 to 24 months **Rationale:** • The energy sector is complex and a number of key assumptions used as inputs into forecasting model are variables/forecasts themselves, resulting in a high inherent risk that cost estimates are inaccurate. • Fiscal projection is highly dependent on factors which can fluctuate from year to year, including: o electricity usage; o distributions costs; and o consumer consumption patterns that may change due to extreme weather or other factors. • Fiscal projection is subject to knowledge of future distribution costs and dependent on submission of cost of service applications by Hydro One and LDCs. o Enhanced RRRP may create disincentives from the eligible LDCs towards productivity and performance improvements and/or cause ineligible LDC's to drive up distribution costs to gain access to program.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the forecasting models.

CHANGE OF LAW PROTECTION AGREEMENT

1. PROGRAM/BRANCH: Ontario Financing Authority

2. SUMMARY OF REQUEST:

Provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by one or more financing entities established by Ontario Power Generation Inc. pursuant to s. 22 of the *Ontario Fair Hydro Plan Act, 2017* ("OPG Financing Entities"), that, under certain circumstances as set out in the proposed arrangements the Province would pay when due amounts in respect of the obligations of the Financing Entity.

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) Authorize that the Minister of Finance and Minister of Energy, on behalf of Ontario, provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend to Cabinet an Order in Council, to be made under subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

DRAFT

3. BACKGROUND:

On March 2, 2017, the government announced its proposed Ontario's Fair Hydro Plan (OFHP) to lower electricity bills by 25%, on average, for a typical residential consumer, and holding increases to the rate of inflation for four years. As part of OFHP, it was announced that a portion of the Global Adjustment (GA) would be refinanced in order to fairly allocate costs across present and future generations of electricity consumers with respect to investments made to decarbonize (i.e., phase-out coal) and modernize Ontario's electricity system (i.e., build and maintain a reliable electricity system). This would be achieved by spreading the cost of electricity investments so that they are shared proportionately by future consumers who cause a need for, or benefit from, the province's multi-billion dollar investments in electricity infrastructure.

To this end, immediate rate relief to eligible ratepayers is provided by deferring and spreading the cost recovery of electricity investments over a longer period of time. Under forecasts provided by the Ministry of Energy at the time of the OFHP announcement in March, the immediate reduction would be about $2.5 billion per year on average over the first ten years. The Ministry of Energy will report back to TB/MBC in fall 2017-18 with an update on out-year projections following analysis on rate applications before the Ontario Energy Board.

Under the *Ontario Fair Hydro Plan Act, 2017,* (the "OFHPA"), which enables GA Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected over four years. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset". The OFHPA provides for the IESO to sell all or a portion of the regulatory asset; i.e., the right to recover those deferred amounts from specified consumers in the future. Under the OFHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the OFHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly, the Province) from the capital markets; however, OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the OFHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations;
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or unenforceable; and
- [Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations. *Note: this third protection event is not included in the current draft of the term sheet agreed to by Ministry of Finance staff; however, OPG is expected to continue to negotiate for its inclusion. It has been included in the TB submission, but may be removed once negotiations are complete, prior to TB/MBC consideration of this item on September 26, 2017*.]

In the event the protection agreement is triggered, the Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers.

In addition, the Province would also have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged.

Section 28 of the *Financial Administration Act (FAA), 1990* requires that the Minister of Finance's approval is obtained before a ministry seeks an Order in Council (OIC) to enter into a guarantee or indemnity that would increase the contingent liabilities of Ontario. In this case, the Minister of Finance, together with the Minister of Energy, is recommending the OIC to Cabinet and will, acting together with the Minister of Energy, determine the terms and conditions of and execute the proposed guarantee/indemnity in accordance with the OIC, if approved.

5. ADMINISTRATIVE IMPACTS:

To be managed by existing staff.

6. RISKS:

If the protection agreement is not approved, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from IESO or the cost of the financing will be potentially materially greater than it otherwise would be.

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of the OFHP and peak at an estimated $24B to $26B of debt (final cost forecasts TBC), including principal and accumulated interest.

In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time. The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

While it is difficult to estimate the actual impact to the Province's interest on debt (IOD) expense, the worst case scenario would be the Province assuming the debt at its peak. If so, IOD expense may increase between $0.8B and $1.3B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.

It is important to note that, if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (IOD expense) will depend on whether or not some portions of the OFHPA continue in some form, or not. If the payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used. Also, debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

7. COMMUNICATION PLAN

Key Messages

- Ontario's Fair Hydro Plan has resulted in the biggest electricity rate reduction in Ontario's history.
- We have heard from Ontarians across the province that the price of electricity has risen too quickly, which is why we moved forward with a plan to ensure the costs are shared more evenly over the years ahead.
- The government is following through on its commitment to balance the books as announced in its 2017 Budget, while continuing to make investments in priority areas such as electricity price relief.

Strategic Approach

- Low-profile, reactive and targeted to industry stakeholders and government employees as necessary. Reactive messaging contingent upon legislative changes only with back-pocket QAs to support as needed.
- Communications support will continue to be led by the Ministry of Energy.

8. RECOMMENDATION

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) Authorize that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the Ontario Fair Hydro Act, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the General Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council

	makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*), in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act or the Regulation is *ultra vires* in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent.

Optional Replacement:	At any time following the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable, the Obligor shall be entitled (but not obligated) to replace the Financing Entity as obligor and debtor and directly assume all of the Financing Entity's outstanding obligations and liabilities. The Financing Entity (including through the Financial Services Manager) will ensure that any obligation and liabilities undertaken or assumed by it will by their terms permit such a replacement and assumption (or, if applicable, satisfaction and termination) by the Obligor without additional cost or penalty and without any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The Change of Law Protection Agreement will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Protection Agreement applies to such Specified Claim. The Change of Law Protection Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Protection Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims. The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.

Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

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To:	Montgomery, Kaitlin (MOF); Jonathan Tekle (CAB); Marianne Nguyen (MCYS); Buttivant, James (MOF); Moore, Brynne (MOF); Young, Gwendolynne (MOF); Elizabeth Mendes (MOF); Nancy Kennedy (MOHLTC); Vivienne Skoberne (MOHLTC); Keley Katona (ENERGY); Cengarle, John (MOF)
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Series from Aug. 22 -Jan. 31.

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Issues Forecast – Investment and Governance
as of ~~August 18~~September 27, 2017

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Hydro One Governance Requirements	The Province entered into a Governance Agreement with Hydro One specifying certain restrictions and practises which must be followed with respect to voting, governance standards, ability to acquire shares in the future, etc. The Province attended Hydro One's AGM on May 4, 2017, and voted by	**Early 2018** – The Province and Hydro One will exchange Nomination Notices setting out proposed

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Chiefs of Ontario (COO) Engagement	Ministry reported back to TB (September 13th) and Cabinet (September 28th) on the results of the negotiation and obtained approval for the deal. COO and the Province reached an agreement in principle on June 16th, 2016, and received ratification of the terms at the Chiefs-In-Assembly meeting on June 29th, 2016. On June 30, 2017 the Loan Agreement and Share Purchase and Contribution Agreements were executed. The Chiefs Committee on Energy (CCE) held webinars with First Nations communities throughout the summer to complete a page turn of the definitive agreements. About 20 commitment letters have been received to – date. ~~The Ministry of Energy has received appropriation through PRRT for cash~~	~~**Summer 2017** – The Chiefs Committee on Energy (CCE) is holding webinars with First Nations communities to complete a page turn of the definitive agreements.~~ **October, 2017** – TBS will bring forward a regulation to transparently account for the transaction. **October 31, 2017** – Targeted closing date for

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Métis Nation of Ontario (MNO) Engagement	Ministry reported back to TB (September 13th) and Cabinet (September 28th) and obtained a revised mandate for discussions with MNO. Formal negotiations with the MNO commenced in October 2016. Six full team meetings and several lead negotiator 1:1 conversations have subsequently occurredNegotiations continued in May 2017. The Minister of Energy sent a letter to President Froh reaffirming his support for negotiations to continue at the table between the negotiating teams. MNO has indicated it is interested in starting up negotiations again ~~in the second half of September~~, assuming the Ministry of Energy approves of two new requests 1) New members and 2) a separate discussion on electricity rates The Ministry of Energy has agreed to the additional members ~~item 1~~, and is open to establishing an Energy table with the MNO, however, the table would be contingent on a successful negotiation. Some thought would need to be given on what a successful outcome of the table would look like. ~~has indicated it would be open to exploring a potential table after negotiations are completed.~~	**Early Oct** – Next MNO / Provincial negotiating meeting **Date TBC** – MNO will submit a request for Phase 2 capacity funding.

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Ontario Fair Hydro Plan	In March 2017, Ontario's Fair Hydro Plan was announced and the Fair Hydro Act, 2017 received Royal Assent in June 2017. Effective July 1, RPP rates were updated to reflect the full impact of OFHP. The Ministry of Finance is working with the Ministry of Energy on a number of outstanding business issues, including a Provincial Guarantee which would be provided by both the Minister of Energy and Minister of Finance to support OPGs financing activities	**Sept 26** – TB/MBC **Fall 2017** – - ~~Amending regulations under the Fair Hydro Act~~Regulatory amendments related to recovery of interest and fees - PILs exemption - Protection Agreement - Sub-debt Agreement
Stelco	On June 30, 2017 Bedrock completed the acquisition of Stelco, allowing	~~**Date TBC**~~**Sept. 22** – ~~Meeting with Hamilton~~

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	the company to emerge from creditor protection under the CCAA. As part of the restructuring, Stelco's lands are placed into a Land Vehicle (Land LP) with a mandate to produce value for retirees' pensions and OPEBs. Landco will have a board of directors, with one representative of both locals, one representative of the salaried employees as well as four independent members. ~~The Ministry is meeting with the Hamilton Port Authority to discuss opportunities to develop the Stelco site.~~	~~Port Authority~~Second draw on the Provincial landco loan ~~-~~($1M)
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as of September 27, 2017

Item	Comments	Key Dates
	the federal government to present their business plan and requests of all stakeholders. The Union, Lenders and Company reached an agreement allowing MAGA (the Union, Tom Clarke and his financiers) to perform due diligence and present an offer by September 8. MAGA conducted due diligence but did not present an offer.. The CCAA Applicants have brought a motion forward to extend the stay of proceedings to March 31, 2018 and permit Algoma to pay the City of Sault Ste. Marie additional property taxes going forward, which the lenders have agreed to. Another party has expressed an interest in acquiring or making an investment in Algoma. The locals have wrote to the lenders, Tom Clarke and the new Pary indicating conditions on which they would reengage in discussions regarding the renewal of their collective agreements and the lenders have indicated they are willing to begin those discussions. Achieving revised collective agreements and pension arrangements is a condition to complete the recapitalization transaction.	
Affordable Housing	The Ministry of Housing (MHO) and Infrastructure (MOI) reported back to TB/MBC in June 2017 with a detailed program design for the Affordable Housing Lands Program and received approval to move forward with the first wave of pilot sites The program leverages surplus provincial properties to deliver affordable housing. The Ministry working with IO will support MHO and MOI in seeking TB approval for the next wave of pilot sites in the Fall.	**October 17** – TB approval

From: Anna Strathy
To: Ken Kandeepan; Ronald Kwan; Mike Manning
Subject: If all three of you are available...
Date: Tuesday, November 21, 2017 2:19:52 PM

…. Could you please come by Gadi's office for an update on the protection agreement?

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

From:	ASHBOURNE, STEPHEN
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG)
Cc:	Gadi Mayman
Subject:	Interim Mark-up of the new Torys version of the Process Agreement
Date:	Wednesday, December 06, 2017 6:16:47 PM
Attachments:	Fair Hydro -- Change of Law Process Agreement.msg 23239361-v21-Change of Law - Process Agreement.DOCX 23239361-vpdf-Change of Law - Process Agreement.PDF

Hi. In the interest of time, here are my preliminary comments on the version of the Process Agreement just circulated by Torys (at 4:39 this afternoon). You will see that there are several provisions that tie-in to what appear to be new proposed changes to the Protection Agreement – although we won't be able to understand them until that other document is circulated by Torys. I have highlighted those and a few other points for you to specifically consider, in yellow or in new footnotes. It would be helpful if you could review my interim mark-up, as you look over the blackline forwarded by Torys this afternoon (also attached here for your convenience), and let me know if you agree with my suggested revisions. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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From: Mansoori, Nina [nmansoori@torys.com]
To: ASHBOURNE, STEPHEN [STEPHEN.ASHBOURNE@blakes.com]; VINER, JON [JON.VINER@blakes.com]; PRESTAGE, JA [JA.PRESTAGE@blakes.com]
CC: Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; 'LADAK Lubna -TREASURY' [lubna.ladak@opg.com]; Anna Strathy [Anna.Strathy@ofina.on.ca]; 'Veinot, Cindy (TBS)' [Cindy.Veinot@ontario.ca]; Tom McKinlay (MAG) [Tom.McKinlay@ontario.ca]; Mark Donaldson (MOF) [Mark.Donaldson@ontario.ca]; Daniel Cayley (ENERGY) [Daniel.Cayley@ontario.ca]; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' [Alena.Thouin@ontario.ca]; Ramchandani, Rima [rramchandani@torys.com]; 'LEE John -TREASURY' [john.s.lee@opg.com]; 'RYFA Ken -TREASURY' [ken.ryfa@opg.com]; 'HAHN PARKER Janet -TREASURY' [j.hahnparker@opg.com]; 'MAUTI John -FIN & C CTRL' [john.mauti@opg.com]; 'LAURETA LAPIRA May -TREASURY' [may.lapira@opg.com]; Feldman, Michael [mfeldman@torys.com]; 'WONG Leslie -LAWDIV' [leslie.wong@opg.com]; 'Sebastiano, Rocco' [RSebastiano@osler.com]; 'Milligan, Peter' [PMilligan@osler.com]; 'Fullerton, Rick' [RFullerton@osler.com]; Gadi Mayman [Gadi.Mayman@ofina.on.ca]; Mike Manning [Mike.Manning@ofina.on.ca]; Malle Hanslep (MOF) [Malle.Hanslep@ontario.ca]; 'ian.benaiah@rbccm.com' [ian.benaiah@rbccm.com]; 'Khan, Nur (nur.khan@rbccm.com)' [nur.khan@rbccm.com]; 'brent.r.taylor@rbccm.com' [brent.r.taylor@rbccm.com]; 'katrina.niehaus@gs.com' [katrina.niehaus@gs.com]; 'brian.delaney@gs.com' [brian.delaney@gs.com]; 'Maciel, Andrew' [Andrew.Maciel@cibc.com]; 'Adalja, Sunil' [Sunil.Adalja@cibc.com]; 'Persad, Nicole' [Nicole.Persad@cibc.com]; 'Persaud, Donnie - Debt Capital Markets' [Donnie.Persaud@cibc.com]; Steen Hume (CAB) [Steen.Hume@ontario.ca]; Mansoori, Nina [nmansoori@torys.com]; Saulnier, Brett [bsaulnier@torys.com]; Olusoga, Yinka [yolusoga@torys.com]
Subject: Fair Hydro -- Change of Law Process Agreement
Date: Wednesday, December 06, 2017 17:38:10
Attachment 1: imagef9850f.JPG
Attachment 2: Change of Law Process Agreement (Dec 6).docx
Attachment 3: Blackline_24592518v1 - 24592518v4.pdf

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,

Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

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TORYS
LLP

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] Explanatory Note: Closing mechanics under consideration by the Province. Province to advise what is under consideration.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents listed on Exhibit "A", and the Province has not objected to such forms and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**") and the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has acknowledged receipt of the initial Financing Plan and has not objected to the Initial Forecast or the Initial Protection Agreement Maximum.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed change in the material terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any proposed change in particular financial terms, rates and levels, and

(ii) any additional or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

[NTD: As discussed, para (D) was deleted as a consequence of the Province's assumption right being deleted.]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery

may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights; ***[NTD: OPG can only provide an estimate of these matters and the actual pricing may be different than what is provided in the certificate since the price is based on the spot market and subject to change.]***

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection

Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(a)(ii) of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(a)(ii) of the Change of Law Protection Agreement but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection 4.02(b)(ii) of the Change of Law Protection Agreement to the Indenture Trustee and the Province in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied at the time such Primary Obligation was incurred. ***[NTD: Conforming changes made to line up with Change of Law Protection Agreement.]***

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, excluding Section 2.01(b)(i), which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) a default in the performance, or breach, by OPG of Section 2.01(b)(i);

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel

Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.
- Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- [Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and
- Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.] ***[NTD: OM and Agency Agreement will be removed from Schedule A if not provided to the Province sufficiently in advance of execution of the Process Agreement.]***

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] Explanatory Note: Closing mechanics under consideration by the Province. **Province to advise what is under consideration.**

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents **listed on Exhibit "A"**, and the Province has not objected to such forms **and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement.**

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan, which includes the initial forecast (the "Initial Forecast") *setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the* **24 month period from December 1, 2017 to November 30, 2019** *(the "**Initial Forecast Period**")* **and** *the initial Protection Agreement Maximum* **(the "Initial Protection Agreement Maximum"). The Province has acknowledged receipt of the initial Financing Plan and has not objected to the Initial Forecast or the Initial Protection Agreement Maximum**.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied~~,~~ **and** maintaining information related to the Program Agreements and the Approved Obligations~~, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement~~.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the

designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) ~~Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter,~~ OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to ~~(i)~~ **:**

(i) any proposed change ~~or supplement to~~**in the material terms or conditions applicable to a Primary Obligation in** a previously provided Transaction Document becoming effective or otherwise being used, ~~(ii)~~ **including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any proposed change in particular financial terms, rates and levels, and**

(ii) any additional or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change ~~or supplement~~ to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights

or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected; **or**

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired~~; or~~**.**

~~(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.~~

[NTD: As discussed, para (D) was deleted as a consequence of the Province's assumption right being deleted.]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) ~~Nothing in this Agreement shall limit the~~**The Province and OPG acknowledge that their** obligations ~~of the Province~~**to each other** under the Indemnity Agreement ~~by~~**between** the Province ~~in favour of~~**and** OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") ~~and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall~~

~~prevail.~~**are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement.** ***[NTD: Torys and Blakes have mutually agreed to this language.]***

(d) **The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement.** ***[NTD: Torys and Blakes have mutually agreed to this language.]***

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $~~[~~5,000,000~~]~~ in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, ~~the~~**OPG's best estimate of the expected** notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights; ***[NTD: OPG can only provide an estimate of these matters and the actual pricing may be different than what is provided in the certificate since the price is based on the spot market and subject to change.]***

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a

reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law ~~protection~~Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection 4.02(~~b~~a)(ii) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has ~~delivered all required certifications~~complied with all of its obligations to the Province and internal requirements

and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection 4.02(~~b~~**a**)**(ii)** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection 4.02(~~b~~**a**)**(ii)** of the Change of Law Protection Agreement ~~other than~~**but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection 4.02(b)(ii) of the Change of Law Protection Agreement to the Indenture Trustee and the Province** in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions **in Subsection 4.02(a) of the Change of Law Protection Agreement** had been satisfied at the time such Primary Obligation was incurred. ***[NTD: Conforming changes made to line up with Change of Law Protection Agreement.]***

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document ~~(including any change, addition or supplement thereto)~~ that, at the relevant time:

(a) is a Transaction Document ~~provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement~~**listed on Exhibit "A"**; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that

would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

~~(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast< *setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the* >next following 24 month period< *(the "**Initial Forecast Period**")*>, which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of< *the initial Protection Agreement Maximum*>, which may not exceed the Initial Forecast.~~

~~(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.~~

(a) ~~(c)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) ~~(d)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~c~~**a**), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(e)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, **excluding Section 2.01(b)(i),** which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) **a default in the performance, or breach, by OPG of Section 2.01(b)(i);**

(c) ~~(b)~~ any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02~~(b)~~ of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) ~~(c)~~ OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel

Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed ~~thereto in the Act as of the date of this Agreement~~.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~c~~**a**).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed ~~to the term "governing document" in the~~ General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"IESO Security> ***Agreement****" has the meaning ascribed thereto in the Trust Indenture.*<

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in ~~Section 4.01(a)~~**the recitals of this Agreement.**

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~Section 4.01(a)~~**the recitals of this Agreement.**

"~~**Investment Interest**~~**Initial Protection Agreement Maximum**" has the meaning ascribed **thereto in the recitals of this Agreement.**

"Investment Interest" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Loan**<*"**Agreement**" has the meaning ascribed thereto in the Trust Indenture.*>~~

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION

- **Declaration of Trust;**
- **Management Agreement;**
- **Master Transfer and Servicing Agreement;**
- **Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;**
- **IESO Security Agreement;**
- **Trust Indenture;**
- **Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and**
- **Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.**
- **Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **[Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and**
- **Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.]** ***[NTD: OM and Agency Agreement will be removed from Schedule A if not provided to the Province sufficiently in advance of execution of the Process Agreement.]***

Document comparison by Workshare Compare on December-06-17 4:23:37 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24592518/1
Description	#24592518v1<TorysAtWork> - Change of Law Process Agreement (Dec 4)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24592518/4
Description	#24592518v4<TorysAtWork> - Change of Law Process Agreement (Dec 6)
Rendering set	strikeout-colour

Legend:	
Insertion	
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Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	87
Deletions	46
Moved from	4
Moved to	4
Style change	0
Format changed	0
Total changes	141

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and has confirmed to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**") and the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has acknowledged receipt of the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the

designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used that could reasonably be expected to have a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the affect on the Provinces obligations therefor under the Limited Guarantee) or rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, including any proposed change that could affect the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that a proposed change in particular financial terms, rates and levels would not be such a material change except to the extent that such proposed change would be a material change to any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the previously provided Transaction Document, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being

effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

[NTD: As discussed, para (D) was deleted as a consequence of the Province's assumption right being deleted.][PROVINCE TO CONSIDER DELETION OF "(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder." *This deletion is not inconsistent with the abandonment of the "assumption option", although Province to consider if leaving some foothold on the point is appropriate.*

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights; ***[NTD: OPG can only provide an estimate of these matters and the actual pricing may be different than what is provided in the certificate since the price is based on the spot market and subject to change.]***

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a

reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(a)(ii)][1] of the Change of Law

[1] Section change to be confirmed once Protection Agreement is recirculated.

Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement [but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection [4.02(b)(ii)] of the Change of Law Protection Agreement to the Indenture Trustee and the Province in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied at the time such Primary Obligation was incurred.][2] ***[NTD: Conforming changes made to line up with Change of Law Protection Agreement.]***

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

[2] Note to Province: Changes have been made to the Protection Agreement that have not been circulated, so we are unable to understand the nature of this change. Torys gave Province a heads up on the 12/5 call that dealers would want any post-Suspension Refinancing not to itself be subject to the Adherence Conditions otherwise applying. This would be a new point and would significantly undermine the internal structure developed to allow the Province to know the scope of its potential obligations. In the absence of the Refinancing transaction being subject to the agreed Adherence Conditions, OPG would have no constraints on the nature and documentation of that Refinancing, and the Province would become subject to those Refinancing terms, whatever they are – without any ability to object or mitigate its exposure. Based on the current Protection Agreement requirements, any Refinancing would be subject to the "substantially in the form" requirements, which would mean that the key Refinancing terms would be unchanged, but the replacement financial terms would be unconstrained (e.g., to achieve a Refinancing, OPG could reprice the debt at a significantly higher interest rate to attract investors, and the Province would have no right to object). Blakes suggests that, if this in fact what is to be contemplated in the next Tory version of the Protection Agreement, OFA should reject this sort of significant weakening of the internal protections now contemplated and tell the dealers that unconstrained repricing flexibility will need to be sufficient to be assured that a Refinancing will be possible.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated

forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its

obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, excluding Section 2.01(b)(i), which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) a default in the performance, or breach, by OPG of Section 2.01(b)(i);

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION[3]

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- [Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.]

[3] Explanatory Note: The Province is limiting this to the documents required to complete the warehouse financing. Term issuance related documents will be considered by the Province once received under 2.01(b)(ii) and become part of the Reviewed Documentation in accordance with 3.04(b).

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] ~~Explanatory Note: Closing mechanics under consideration by the Province. Province to advise what is under consideration.~~

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the ~~proposed~~final forms of certain of the Transaction Documents~~ listed~~, as described on Exhibit "A", and the Province has not objected to such forms and has confirmed to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under ~~Approved~~ Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**") and the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has acknowledged receipt of the initial Financing Plan and has not ~~objected to~~disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the

Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed change in the ~~material~~ terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used~~, including regarding~~ that could reasonably be expected to have a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the affect on the Provinces obligations therefor under the Limited Guarantee) or rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, including any proposed change that could affect the timing of or circumstances under which related payments ~~are~~would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that ~~would~~could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that ~~the foregoing does not apply to any~~a proposed change in particular financial terms, rates and levels would not be such a material change except to the extent that such proposed change would be a material change to any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the previously provided Transaction Document, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or

any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

[NTD: As discussed, para (D) was deleted as a consequence of the Province's assumption right being deleted.][PROVINCE TO CONSIDER DELETION OF "(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder." *This deletion is not inconsistent with the abandonment of the "assumption option", although Province to consider if leaving some foothold on the point is appropriate.*

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights; ***[NTD: OPG can only provide an estimate of these matters and the actual pricing may be different than what is provided in the certificate since the price is based on the spot market and subject to change.]***

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a

reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(a)(ii)][1] of the Change of Law

[1] Section change to be confirmed once Protection Agreement is recirculated.

Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement [but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection [4.02(b)(ii)] of the Change of Law Protection Agreement to the Indenture Trustee and the Province in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied at the time such Primary Obligation was incurred.][2] ***[NTD: Conforming changes made to line up with Change of Law Protection Agreement.]***

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

[2] Note to Province: Changes have been made to the Protection Agreement that have not been circulated, so we are unable to understand the nature of this change. Torys gave Province a heads up on the 12/5 call that dealers would want any post-Suspension Refinancing not to itself be subject to the Adherence Conditions otherwise applying. This would be a new point and would significantly undermine the internal structure developed to allow the Province to know the scope of its potential obligations. In the absence of the Refinancing transaction being subject to the agreed Adherence Conditions, OPG would have no constraints on the nature and documentation of that Refinancing, and the Province would become subject to those Refinancing terms, whatever they are – without any ability to object or mitigate its exposure. Based on the current Protection Agreement requirements, any Refinancing would be subject to the "substantially in the form" requirements, which would mean that the key Refinancing terms would be unchanged, but the replacement financial terms would be unconstrained (e.g., to achieve a Refinancing, OPG could reprice the debt at a significantly higher interest rate to attract investors, and the Province would have no right to object). Blakes suggests that, if this in fact what is to be contemplated in the next Tory version of the Protection Agreement, OFA should reject this sort of significant weakening of the internal protections now contemplated and tell the dealers that unconstrained repricing flexibility will need to be sufficient to be assured that a Refinancing will be possible.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a

"**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in ~~the Financing Plan or~~ such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its

obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, excluding Section 2.01(b)(i), which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) a default in the performance, or breach, by OPG of Section 2.01(b)(i);

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes,

bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~23239361.20~~23239361.21

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION[3]

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- [Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■]~~], 2017.~~], 2017.]
- ~~Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~[Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and~~
- ~~Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.] *[NTD: OM and Agency Agreement will be removed from Schedule A if not provided to the Province sufficiently in advance of execution of the Process Agreement.]*~~

[3] Explanatory Note: The Province is limiting this to the documents required to complete the warehouse financing. Term issuance related documents will be considered by the Province once received under 2.01(b)(ii) and become part of the Reviewed Documentation in accordance with 3.04(b).

Document comparison by Workshare Compare on Wednesday, December 06, 2017 6:03:59 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/20
Description	TOR_2528-#23239361-v20-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/21
Description	TOR_2528-#23239361-v21-Change_of_Law_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	42
Deletions	29
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	71

From:	Anna Strathy
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Ken Kandeepan; Mike Manning; Ronald Kwan; John Kim; Veinot, Cindy (TBS); Steen Hume (CAB); Tim Christie (ENERGY); Gadi Mayman; Mark Donaldson (MOF); Daniel Cayley (ENERGY)
Cc:	Usman Zahid; Hilary Cox (ENE); "Hosick, Sarah (TBS)"
Subject:	Internal Discussion | Protection and Process Agreements | Blakes, OFA, MOF, Energy, OPCD
Start:	Tuesday, November 21, 2017 11:30:00 AM
End:	Tuesday, November 21, 2017 12:00:00 PM
Location:	Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Purpose: to discuss proposed dealer changes, received yesterday afternoon.

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

From:	Anna Strathy
To:	Ronald Kwan; James Devine; Mike Manning; Carlos Yep; Ken Kandeepan; Gadi Mayman; Hresa Gavaris
Subject:	Internal review of OPG comments on Provincial Protection Agreement

From:	Anna Strathy
To:	Ronald Kwan; James Devine; Mike Manning; Carlos Yep; Ken Kandeepan; Gadi Mayman; Hresa Gavaris
Subject:	Internal review of OPG comments on Provincial Protection Agreement

Tel 416-406-5763 or 1-866-586-5280
Passcode 9763326#
Carlos to moderate

From: Ken Kandeepan
To: Gadi Mayman
Cc: Mike Manning; Ronald Kwan; Anna Strathy
Subject: Issues already decided
Date: Tuesday, November 14, 2017 9:48:14 AM

Hi Gadi

As discussed the following were already decided upon last Friday:

- The Province will accept the removal of the tax information requirements from the Process Agreement
- The Province will accept OPG's revisions to the program maximum requirements in the Process Agreement, as Malle suggested the briefing note to the two ministers will cover any potential risks to the Province from OPG setting the maximum as well as mitigation strategies.
- As very clearly explained by Cindy, the Province does not run the risk of large contingent liabilities in the Public Account's as a result of accepting OPG's revisions to the program maximum.
- In the interests of time the Indenture Trustee should be removed as a party to the Protection Agreement; this can be done by removing OPG's ability to issue US Debt which is now part of the Master Indenture Trust. Naturally OPG may have concerns however, these concerns should be alleviated by pointing out that the removal can be revisited, say one year hence.

Be useful if you can mention this at the start since we can address other outstanding issues.

Thanks

Ken k

From: Hanslep, Malle (MOF)

To: Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Ken Kandeepan; Ronald Kwan

From:	Anna Strathy
To:	Jonathan Tekle (CAB)
Cc:	David McLean (MOF); Patrick Laughton (MOF); Jonathan Tekle (CAB); Gadi Mayman; Ronald Kwan; Ken Kandeepan; Mike Manning; Usman Zahid; Tobias P. Whitfield (MOF); Mark Donaldson (MOF); Tim Christie (ENERGY); Thouin, Alena (ENERGY); Hosick, Sarah (TBS); Malle Hanslep (MOF); Hilary Cox (ENE); Gadi Mayman
Subject:	Materials | Joint Ministers Briefing | OFHP
Date:	Tuesday, November 28, 2017 5:21:02 PM
Attachments:	23254960-v7-Province Limited Guarantee - Briefing Deck.pptx

Hi Jonathan,

Please find attached, a proposed deck for use at the Joint Ministers briefing on the Protection Agreement, tomorrow at noon. Could you please share with the Energy and TBS DMOs?

I'm copying the rest of the group here that provided input, including OPCD and Energy. And my apologies to the group – our timelines did not allow for me to send this latest draft around for additional comments.

Thanks everyone,

Anna

-----Original Appointment-----
From: Imbrogno, Serge (ENERGY) [mailto:Serge.Imbrogno@ontario.ca]
Sent: Monday, November 27, 2017 1:32 PM
To: Imbrogno, Serge (ENERGY); Martin Schlaepfer (MOF); Francesca Bungaro-Yemec (ENERGY); Steen Hume (CAB); Hilary Cox (ENE); HARTWICK Ken -FINANCE; 'LEE John - TREASURY'; 'jeffrey.lyash@opg.com'; catriona.king@opg.com; 'HOILETT Rosemarie - PRESIDENT'; Scott Thompson (CAB); Gadi Mayman; Anna Strathy; David McLean (MOF); Helen Angus (MOHLTC); Kyle MacIntyre (MOF)
Subject: Joint Ministers Briefing | OFHP
When: Wednesday, November 29, 2017 12:00 PM-1:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Room 263, Main Legislative Building

Ontario's Fair Hydro Plan

Limited Guarantee from the Province – Overview

Joint Ministers Briefing
November 29, 2017

Purpose

- Provide Ministers with an update of the work being done to prepare two provincial agreements to support the implementation of Ontario’s Fair Hydro Plan.

- Provide an overview of the two provincial agreements, including key details of the agreements.

- Outline next steps.

Context

- On March 2, 2017, the government announced its proposed Ontario's Fair Hydro Plan (OFHP), which would lower bills by 25% for a typical residential consumer, starting in the summer of 2017.

- Ontario Power Generation (OPG) has indicated that it requires some level of guarantee from province to be able to secure the financing for the OFHP.

- On September 25, 2017, TB/MBC approved a "term sheet" that set out the broad parameters of this guarantee.

- Ministries have been working with OPG, external lawyers and underwriters to finalize the provincial agreements.

- The provincial agreements must be signed by OPG and the Ministers of Energy and Finance well in advance of December 31st, to allow the Financing Entity to purchase the regulatory asset from the IESO before its year-end.

Overview of Provincial Approvals Already Completed

- Authorization under Section 5(3) of OFHPA
  - Section 5(3) provides that LGIC may by order authorize the Minister of Energy and Minister of Finance, acting together on behalf of the Province, to agree to guarantee or indemnify obligations associated with an Investment Interest

- Order in Council 1981/2017 made pursuant to subsection 5(3) of the OFHPA
  - The OIC, approved by Cabinet on September 27, 2017, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of a financing entity established under the OFHPA associated with investment interests acquired by a financing entity.

Overview of Proposed Agreements

- There are two agreements which set out the terms of the limited guarantee:
  1. Change of Law Protection Agreement **("Protection Agreement")**
  2. Change of Law Process Agreement ("**Process Agreement**")

- The **Protection Agreement** describes the circumstances that would trigger the guarantee:
  - A change of law (i.e., repeal or amendment of the *Ontario Fair Hydro Plan Act, 2017*); court decision; or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

- Should the guarantee be triggered, the Province would take over the financial obligations of the Financing Entity, which would have an immediate impact on the Province's fiscal plan and debt.

- The Protection Agreement also describes "adherence conditions" which must be fulfilled before the guarantee covers debt obligations:
  - For example, OPG must confirm that terms of a bond deal are aligned with reference documentation.

Overview of Proposed Agreements Cont'd

- The **Process Agreement** sets out the information and necessary documentation that has to be provided by OPG to the Province to ensure the continuing application of the limited guarantee.

- A breach of the Process Agreement allows the Province to suspend the limited guarantee for any new obligations.

Accounting Implications

- Reporting structure of the Financing Entity, as determined by OPG, will be a subsidiary of OPG, reporting as a government business enterprise in the Public Accounts on a modified equity, one-line basis (no change from current presentation)

- Reporting under IFRS 10, the ability for OPG to consolidate the Financing Entity is determined by way of its power to direct and access returns from the subsidiary (as set out in the agreements)

- Province can set the terms and conditions without exercising direct control

Risks

- Accounting
  - Any actions taken by the Province to direct the activities of the Financing Entity may result in the Financing Entity being controlled directly by the Province and not consolidated under OPG
  - No assessment has been undertaken as to whether the Financing Entity would be considered a government business enterprise

- Province dependent on OPG for key matters relating to the limited guarantee
  - Less power/information than would typically be afforded to a guarantor
  - Significant reliance on OPG to deliver timely, accurate information
  - Province has no say on financing decisions if permitted by the Financing Plan

- Even without a change of law by the Legislature, a court determination may trigger a Protection Event

- Possible criticism for wholesale delegation to OPG; although accounting considerations and the Act itself lead to this outcome

- Potential for opportunistic litigation by Financing Entity creditors to trigger a Protection Event

Next Steps

- Ministries are working to finalize the two agreements, incorporating recent input from the credit rating agencies and continued input from the underwriters.

- Final agreements will come forward for signature by the Ministers of Energy and Finance in the coming weeks. The Minister of Finance will be asked to provide s.28 approval at the same time as the agreements are signed.

- Upon execution of the agreements, and completion of the rating agency process, the Financing Entity will enter into a short-term borrowing facility (the warehouse) in order to purchase the regulatory asset from the IESO before December 31st.

- In January 2018, the Financing Entity plans to issue long-term notes (bond issue) to empty the warehouse. Going forward, the Financing Entity will make monthly purchases of the regulatory asset. These purchases will be financed through the warehouse, provincial equity injection and OPG borrowing. It is expected that the Financing Entity will enter into approximately three bond issues per year in order to regularly pay down the warehouse.

Appendix

General Background

- Ontario Fair Hydro Plan Act ("**Act**") permits debt financings through one or more [special purpose] financing entities, to be managed by OPG
  - Proceeds of financings are used to acquire portions of the Fair Hydro regulatory asset ("**Investment Interests**") from IESO
  - Amounts owing will be serviced from "clean energy adjustments" ("**CEAs**") collected from "specified consumers"

- Hydro Trust [will be] established to facilitate the first financing transactions
  - Some combination of short-term "warehouse financings" and long-term notes will be issued
  - OPG, funded by the Province, will acquire subordinated debt issued by Hydro Trust
  - Proceeds raised before December 31st are expected to be $•M ($•M from external investors)
  - Future issuances will follow the same pattern (51% external/senior; 49% OPG/subordinated)

- Payment obligations will be owed to noteholders, lenders, credit enhancers, derivative counterparties, service providers, etc.
  - Payment obligations will be governed under a Trust Indenture
  - Hydro Trust payment obligations under the Trust Indenture are "Obligations Secured"

- Limited Guarantee from the Province of obligations payable by Hydro Trust when due
  - Province pays only upon a "Protection Event"
  - Limited Guarantee applies to almost all Obligations Secured
  - Certain "**Adherence Conditions**" to be satisfied before Limited Guarantee willy apply to material obligations

- Two relevant agreements:
  i. Change of Law Protection Agreement ("**Protection Agreement**")
  ii. Change of Law Process Agreement ("**Process Agreement**")

Technical Details – Limited Guarantee from the Province

- Triggered by a "**Protection Event**": Either:
  - There is a change of law (by the Legislature, LGIC, Ministers, government officials, government appointed boards, etc.) or implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or and entity controlled by the Province that materially and adversely affects either (1) the ability of Hydro Trust to receive CEA cash flows or (2) the Protection Agreement or any Obligation Secured
  - A court of competent jurisdiction determines that any part of the OFHPA or the related regulations are *ultra vires* or invalid in a way that materially and adversely affects the ability of Hydro Trust to receive CEA cash flows and that in fact results in a deficiency such that Hydro Trust cannot pay Obligations Secured when they become due

- **Not covered by the Limited Guarantee:**
  - Amounts required to be deposited into collateral or reserve accounts established under the Hydro Trust program to credit enhance or provide liquidity for ultimate payment of Obligations Secured
  - Certain residual payments to OPG under the "payment waterfall"

- **Term:** Until all applicable Obligations Secured are paid in full

Technical Details – Adherence Conditions

- Certain minimal conditions will apply before the Limited Guarantee will attach to applicable Obligations Secured:
  - Incurrence of indebtedness to fund ownership of an Investment Interest
  - Entry into ISDA master agreements
  - Entry into service contracts with term > 3 years and aggregate payments >$5M that are not terminable on giving 3 years notice or less

- Those conditions are:
  - Must be an Obligation Secured under the Trust Indenture
  - Delivery of officer's certificate by OPG to Indenture Trustee confirming compliance with internal processes as between OPG and the Province in connection the Limited Guarantee (under the Process Agreement)
  - Province has not delivered a "Suspension Notice"

Technical Details – Process between Province and OPG

- Process Agreement between Province and OPG
  - Sets out informational requirements and supporting affirmations regarding incurrence or amendment of Obligations Secured
  - Contemplates some (limited) rights of Province to comment on disclosure and terms of Obligations Secured
  - Provides for OPG executive officer affirmation regarding certain matters (in a "**Process Certificate**")

- Delivery of Process Certificate by OPG executive officers to the Province setting out:
  - Material terms of obligations (incurrence or amendment)
  - Confirmation that terms are "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that the offering document is "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that no breach of the Process Agreement has occurred
  - Confirmation that the maximum payment amounts due in the future under the obligation plus other outstanding amounts will not exceed the "**Protection Agreement Maximum**"
  - Confirmation that any disclosure referring to the Protection Agreement or Process Agreement was made available to the Province
  - Confirmation as to reasonableness, arm's length terms and conditions, and compliance with the Act and the Financing Plan

- Suspension Right
  - Uncured breach of Process Agreement or breach by any party of other program agreements allows Province to suspend Limited Guarantee for new obligations, other than for refinancings
  - Exercise of suspension right does not impact prior Hydro Trust obligations covered under the Limited Guarantee

Technical Details – Obligation of Province on Protection Event

- Make payments on Limited Guarantee
- Payments replicate stream of CEAs to pay amounts due and payable by Hydro Trust
- In event of an acceleration of any Obligation Secured, Province would pay acceleration amounts, capped at scheduled payment amounts (without acceleration) plus an additional amount up to the “fair allocation” in the aggregate
- Province will be subrogated to rights of the creditors of Hydro Trust to the extent of performance under the Limited Guarantee

Technical Details – Obligations of OPG

- Process Agreement obligates OPG, but without limiting protections under existing indemnity agreement
  - Province has indemnified OPG, its subsidiaries, and each of their respective directors, officers and employees from liability resulting from activities under the Act and activities of Hydro Trust pursuant to an Indemnity Agreement

- If there is any conflict between the Process Agreement, the Protection Agreement and the existing Indemnity Agreement in respect of any matter relating to the Province's indemnification obligations in favour of OPG, the Indemnity Agreement is paramount

From:	Tekle, Jonathan (MOF)
To:	Patrick Laughton (MOF); Gadi Mayman; Ronald Kwan; Ken Kandeepan; Mike Manning; Usman Zahid; Tobias P. Whitfield (MOF); Mark Donaldson (MOF); Tim Christie (ENERGY); Thouin, Alena (ENERGY); Hosick, Sarah (TBS); Malle Hanslep (MOF); Hilary Cox (ENE); Tom McKinlay (MAG)
Cc:	Anna Strathy; David McLean (MOF)
Subject:	Materials | Joint Ministers Briefing | OFHP
Date:	Wednesday, November 29, 2017 11:21:51 AM
Attachments:	OPG - COLPA Ministers Briefing - Nov 29 2017 v7.pptx

Hi all,

Attached is additional material for the joint Minister's briefing at noon. ENERGY will bring copies of this deck to the meeting.

As far as stage management for the meeting:

- Andrew will provide opening remarks
- Overview of the Limited Guarantee from the Province
- OPG Update on Financing Program

Thanks,

Jonathan Tekle
Senior Policy Advisor, Deputy Minister's Office, Ministry of Finance
Frost Building South, 7th Floor
7 Queen's Park Crescent
Toronto, Ontario M7A 1Y7

Ontario Power Generation

Update on Fair Hydro Plan Financing Program

November 29, 2017

ONTARIO POWER GENERATION

Context

- Provide an update for Ministers on Ontario Power Generation (OPG) financing activities
- Update on discussions with rating agencies
- Outline of next steps

ONTARIO POWER GENERATION

Rating Agencies' Status

OPG has engaged the following rating agencies (i.e., DBRS and Moody's) to provide credit ratings on the Fair Hydro Trust's (FHT) senior debt (i.e., Tranche A) and subordinated debt (i.e., Tranche B and Tranche C)

Completed To-Date:

- OPG has provided drafts of all requisite program agreements for rating agencies' review
- Several meetings have occurred between management, financial advisors and rating agencies to review key elements of the program
- Initial comments received from rating agencies have been addressed
- The Independent Electricity System Operator (IESO) servicing review was conducted with rating agencies, dealers, and OPG

Outstanding:

- DBRS and Moody's to complete review of final documentation and provide preliminary credit ratings for all debt tranches by **week of December 11th**

ONTARIO POWER GENERATION

Short-Term Warehouse

OPG is securing an $800 million warehouse facility agreement with a bank syndicate comprising of CIBC, RBC and Goldman Sachs under a 2-year committed term

Proposed December 2017 Transaction

- Regulatory asset available to be purchased from IESO is expected to be approximately $1.2 billion, representing accumulated deferrals up to the end of November 2017
- OPG advises that better market access for term debt is expected in January 2018. The FHT will fund the December transaction using the following sources:
  - Short-term warehousing facility for 51% or ~$610 million;
  - Province's equity injection for 44% or ~$530 million; and
  - OPG's contribution for 5% or ~$60 million

ONTARIO POWER GENERATION

Indicative Marketing Timeline

The following outlines the proposed timeline for funding the initial regulatory asset purchase from IESO:

Activity	Indicative Timeline
Term Debt Rating Agencies' Preliminary Assessment	Week of December 11, 2017
Warehouse Facility Closing & Funding	December 18, 2017
Term Debt Rating Agencies' Confirmation of Ratings	Week of January 8, 2018
Marketing & Roadshow (Toronto, Montreal & Vancouver)	Week of January 15, 2018
Term Debt Pricing	Week of January 22, 2018
Term Debt Closing	T+5 of Pricing Date

ONTARIO POWER GENERATION

Next Steps

- Finalize Change of Law Protection Agreement by week of December 4, 2017
- Complete rating agencies' process by week of December 11, 2017
- Fund equity contribution and close short-term warehouse on December 18, 2017 for purchase of regulatory asset from IESO
- Market and close long-term debt in January 2018

From:	Mike Manning
To:	Gadi Mayman; Ronald Kwan; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Scott Nelms (ENERGY)
Subject:	Next step on support agreement
Date:	Thursday, September 14, 2017 7:04:44 AM

OPG will be sending out their newest version of the support agreement today, hopefully first thing in the morning. I don't know any of the details at this time. John Lee is proposing a working session for today to work out the details. I have asked him to come back with potential timing for the session. Given our need to resolve these issues as soon as possible, this approach seems reasonable. Please let me know if you are ok with this approach, and I will share potential timing with you as I get more details. I've asked John to share the business issues prior to the session and will update you when I get more details.

Sent from my iPad

From:	Ken Kandeepan
To:	Ronald Kwan
Subject:	OFHP
Date:	Monday, December 11, 2017 3:33:40 PM

Ron

My apologies, we left without telling you, we are at the Torys' boardroom on the 33 rd floor if you want to join us

Ken k

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Ken Kandeepan; Ronald Kwan
Cc:	Ken Kandeepan
Subject:	Passcode is 5801207#
Date:	Tuesday, November 21, 2017 4:04:41 PM

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From:	Anna Strathy
To:	ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Cc:	Ken Kandeepan; Ronald Kwan; Mike Manning
Subject:	Possible DM Briefing on Monday
Date:	Friday, November 17, 2017 4:13:19 PM

Stephen, Malle, Toby,

Just a head's up, our DMO will likely be organizing another meeting with the three Deputies (Finance, TBS, Energy), on Monday, November 20, likely sometime between 11am and 12:30pm and likely somewhere in Macdonald Block (900 Bay Street). The purpose of Monday's meeting will be to bring everyone up to speed on the outstanding issues on the Protection/Process Agreements. I expect an invite to follow, but you may want to hold that time in your calendars for now.

Thank you,

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

From:	Anna Strathy
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Ken Kandeepan; Mike Manning; Ronald Kwan; Usman Zahid; John Kim; Veinot, Cindy (TBS); Hilary Cox (ENE); Steen Hume (CAB); Tim Christie (ENERGY); Gadi Mayman; Mark Donaldson (MOF); "Hosick, Sarah (TBS)"
Subject:	Pre-Call with Energy | Protection Agreement, Notifying the Province of Amendments

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Purpose: to bring Energy up to speed prior to 12:30pm call with OPG/Torys (12:30 invite to follow)

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

From:	Anna Strathy
To:	Mike Manning; Ronald Kwan; Ken Kandeepan; Malle Hanslep (MOF); Keley Katona (ENERGY); Scott Nelms (ENERGY)
Cc:	Gadi Mayman
Subject:	Pre-meeting | Provincial Protection Agreement

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to moderate

From: Ronald Kwan
To: Anna Strathy
Subject: Protection Agreement TB Sub.
Date: Wednesday, September 20, 2017 9:35:27 AM

Hi Anna,

Does Gadi want me to attend TB on this? Would you have the meeting coordinates?

Also, are speaking points being developed? If the Minister were here, normally the MO would be asking for suggested speaking points. I'm not sure what the case would be this time.

And, as Energy is co-signing, is Energy also in attendance as the submitting ministry, and who would be representing Energy?

Thanks,
Ron

From:	Whitfield, Tobias P. (MOF)
To:	Gadi Mayman; Ken Kandeepan; Ronald Kwan; Mike Manning; Anna Strathy; John Kim; Thouin, Alena (ENERGY); Tom McKinlay (MAG); ASHBOURNE, STEPHEN; JACKSON, ADAM; PRESTAGE, JA; VINER, JON (JON.VINER@blakes.com)
Cc:	Malle Hanslep (MOF)
Subject:	Protection Agreement revised drafts comments/questions
Date:	Thursday, November 30, 2017 11:54:49 AM
Attachments:	Draft Documents Nov 30 2017.docx Protection - BL v previous Province draft.pdf Process Agreement - BL v previous Province draft.pdf Blackline_ProtectionAgreement.pdf Blackline_ProcessAgreement.pdf

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Please find attached a documents setting out MOF Legal's summary and questions from our review of the revised drafts of the Protection Agreement and Process Agreement.

We have reviewed Torys' Nov. 24 markup and also Blakes' Nov 28 markup and based the questions and comments on those drafts. The numbering of the sections is from the Blakes Nov 28 markup. I have attached our comments, as well as the relevant blacklines to this email.

Please review these comments, including the questions and decision points.

Perhaps we should have a meeting tomorrow with this group (including the appropriate Energy clients) to discuss this draft. Can the OFA can set up the meeting/call?

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

CONFIDENTIAL AND PRIVILEGED LEGAL ADVICE – Nov 30, 2017

Review of Blakes' mark-up dated November 28, 2017 as proposed response to OPG/Dealers/Torys/Oslers' Comments Daft November 24, 2017 [as updated by their further comments dated November 29, 2017 – not included yet.]

Process Agreement

1. Proposed Response: Agree with response to Footnote #1 – Closing mechanics are under consideration by Province.

2. P. 1 Recitals - OPG moved the provisions requiring delivery of the Initial Financing Plan, Initial Forecast and Initial Protection Agreement Maximum into the recitals as they suggest that these actions will have taken place prior the Ministers executing the Process Agreement and Protection Agreement. They would like to add a list of the "reference" agreements, the Initial Financing Plan and Initial Forecast as exhibits to the Process Agreement. This doesn't work for a number of reasons including:
   - The authority for provincial staff to "not object to" and "confirm" these documents flows from the Ministers' power to determine the terms and conditions of the limited guarantee.
   - The agreements and financing plan will not necessarily be in final form at the time that OPG is hoping that the Ministers sign the Process Agreement and Protection Agreement so it is not possible to attach the final form.
   - This reduces flexibility for the Province in reviewing these documents and revises the approach that has already been agreed to through negotiation to date on numerous iterations of the Process Agreement.
   - The recitals are inaccurate as the Province doesn't have a role to "not object to the financing plan" so it seems like OPG is trying to obtain some agreement on a point outside the parameters of the Process Agreement. Financing Plan is delivered to the Minister of Energy under the statute.
   - The Province's role as set out in s. 4.01(b) of the Process Agreement concerns how the Protection Agreement Maximum can be established: "the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the province, address any inaccuracies and inconsistencies so the reasonable satisfaction of the province and OPG and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province."

   Proposed Response: Agree with Blakes' mark-up to revert to previous provisions on all these points.

3. P. 1, Recital 5 – Need to consider whether the delivery of the initial "Reference (formerly "Reviewed") Documents" should be moved into the body of the Process Agreement as an obligation for OPG and Province has right to object within 10 Business Days or such shorter period. OPG suggests adding a schedule that lists these documents but as noted above these Reference Documents are not likely to be in final form prior to Ministers executing agreements. How can these particular documents be identified as being the "Reference Documents" for the purposes of the agreement? Will they be sent under a particular covering letter or dated a particular date or version?

4. Concept of "not objecting to" vs "confirming or accepting". Understand that the preference is for the Province to "not object' rather than "confirm/accept". The original approach was for the Province to positively confirm in writing acceptance or approval but this was revised a few drafts ago. The reason for the revision was based to a certain degree on the limited time that the Province has to review any of the Reference Agreements and as a result the defined term was changed as well. So now certain documents (Reference (Reviewed) Agreements and the delivery of the Initial Forecast and subsequent Forecasts and Protection Agreement Maximum) are delivered to the Province and will be accepted unless the Province objects or disagrees with them. Right now there is a 10 day period for disagreeing in writing with forecast and Protection Agreement Maximum and then discussion and OPG to address discrepancies to reasonable satisfaction of Province and re-send Initial Forecast amount. Also the Province may "object" to any amendments of the "Reference Documents" by "delivery of an objection notice in writing delivered to OPG within 10 Business Days after it is provided to the Province" but no steps as to what happens when Province objects. Would it be informal discussion?
   Province to decide: Also, it is important now from a practical perspective to determine to whom at the Province the following documents are sent under the Process Agreement and who will determine whether or not to object/disagree on behalf of the Province:
   - Deliver initial Financing Plan (s. 2.01(a))
   - Deliver Reference Documents (as mentioned in recital or if moved to obligation under agreement)
   - Deliver Initial Forecast and initial Protection Agreement Maximum (s. 4.01(a))

5. 2.02(a)(v) – Addition of "unless waived in writing by the Province:
   Proposed Response: OK because any provision can be waived in writing by a party anyway.

6. 2.02(a)(v)(D) – This provision would not allow Financing Entity to enter into transactions where there is penalty or make-whole payment or consent right required for Province to assume the obligations?

Proposed Response: Need to discuss whether this is still relevant to be preserved if no assumption right?

7. 2.02(b)(iv) – OPG says they will not be aware of any event that with the passage of time or the giving of notice would be a Protection Event.– we propose adding “known to OPG” so that if they do know something they should not go ahead and exercise redemption etc. rights.
Proposed Response: Agree with Blakes mark-up to insert “known to OPG”.

8. 2.02(c) – OPG inserted that its obligations under the Process Agreement are subject to OPG’s obligation as FSM and as Manager. At the Tuesday evening meeting, we had asked them to narrow this wording so that it identified any points at which their fiduciary or other obligations under those agreements might conflict with the obligations under the Process Agreement, but they haven’t narrowed it so the effect is that they could rely on this to say that in any particular case there is a conflict with their other role so they can’t comply with their obligation to the Province
Proposed Response: Agree with Blakes mark-up not to accept this addition.

9. 2.02(c) – OPG wants to reference that nothing in the Protection Agreement limits the obligations of the Province under the Indemnity Agreement to indemnify OPG. OPG in its own capacity is not a party to the Protection Agreement. Don’t understand why this needs to be added and how anything in the Protection Agreement would affect the Indemnity Agreement. [Need further explanation of disadvantage to Province.]
Proposed Response: Agree with Blakes mark-up not to accept this addition.

10. 3.01 Process Certificate: OPG has significantly reduced the amount of information and its responsibilities under the Process Agreement and is proposing to only provide the Province with a certificate under s. 3.01 in the same circumstances that OPG is giving one to the dealers under the Protection Agreement. The Province agreed to limit delivery of OPG’s certificate under the Protection Agreement because dealers’ counsel refused to agree to provision of a certificate in the case where funding obligations were amended (and the Province agreed to a compromise position where notice of amendments is given to the province under the trustee indenture amendment provisions). OPG has now deleted delivery of that certificate to the Province under the Process Agreement too, which was never discussed or agreed to by the Province. In addition, it has narrowed the obligations for which a certificate is provided under the Process Agreement to the narrower category of Certified Primary Obligations – borrowing, master ISDA agreement and other agreements for with a term of 3 years or longer (without termination within 3 years and above a $5 million thresholds, etc. The Province agreed to a narrower circumstance in the Protection Agreement on the insistence of dealers counsel that there was too much uncertainty associated with when the guarantee applied and so these categories were

delineated. Again, there was no discussion about so restricting the delivery of certificates under the Process Agreement. The principle is quite different and the Process Agreement is between the Province and OPG to ensure that Province receives sufficient information about obligations to which the Province's guarantee will apply.
Proposed Response: Revert to previous version of Process Agreement so that Province receives broader information and certificates. Consider specifically the following:
  - Certificate should be provided before amendment to guaranteed obligations as previously agreed.
  - Footnote 2 on p. 7 - When should certificate be provided? Previously said before earlier of pricing and incurrence of obligation. Have now agreed before "incurrence" In Protection Agreement – do we still want it before earlier of pricing and incurrence of obligation?
- What is the scope of obligations for which certificate must be provided? Previously said Funding Obligations above a $ threshold. $ threshold has not yet been included. The way it is drafted it would apply a $ threshold to all types of obligations. Also, in Protection Agreement, have narrowed it to Certified Primary Obligations as set out above. Would say that this is too narrow for swaps - definitely want it for swap confirms in process agreement as ISDA Master is not informative of any transactions guaranteed. Need to consider this further – what about other obligations? Note that these certificates are informational – they don't determine whether the Limited Guarantee applies.

11. 3.02 Acknowledgement – OPG added a provision in which Province acknowledges that OPG will provide a certificate to Indenture Trustee and that if there is a Suspension Notice, OPG agrees not to deliver any further certificates. In general, this provision seems ok, but OPG deleted the Suspension Notice Delivery provision which should be re-inserted with the specific range of suspension events.
    Proposed Response: Agree with Blakes mark-up to include Acknowledgement but also include a specific acknowledgement about Province's entitlement to deliver a Suspension Notice under the Protection Agreement if there is a Program Breach or Breach Event under Process Agreement and also inclusion in 6.01 of the definition of Breach Event.

12. 6.01 Election to Assume – Deleted.

<u>Protection Agreement</u>

1. Footnote 1 – Agree that logistics of closing are under consideration by Province

2. Footnotes 2 and 3 – Legal note to Torys' that Province will accept Torys opinion on due execution point and establishment of trust as financing entity point.

3. Recital 2 – Insert OIC number 1981/2017 made September 27, 2017

4. P. 2 – Proposed Response: accept deletion of “or amended” because no adherence conditions required on amendments. (compromise position that Province will get notice under Trust indenture).

5. 1.12 – Question from LSB only – Are we going to request original executed copies of these agreements by all parties? Typically we ask for originals. Perhaps we can discuss further?

6. 2.01(a) – Proposed Response: Agree to deletion of form of “Guarantee Settlement Statement” in advance given timing.

7. 2.01(a)(iv)(B) – Proposed Response: Agree to revised wording. The change is to reflect the Province’s subrogation rights. After a Protection Event the Province pays the whole amount owed to the Beneficiary, and not just the deficiency. The Province then receives any payments that it has a right to receive by being subrogated to the rights of the Beneficiary after making payment on the Limited Guarantee. [NTD: Blakes is undertaking further review on this issue and may suggest further changes.]

8. 2.01(b) – Proposed Response: OK, conforming change

9. 2.01(e) – Proposed Response: Fine for completeness.

10. 2.08 – Proposed Response: Fine, 8.01 is the section describing when Limited Guarantee ends – when all obligations are paid.

11. 4.01 – Addition of ability for Province in its sole discretion designate in writing that it is an Approved Obligation.
    Proposed Response; OK, adds flexibility and it is in Province’s sole discretion.

12. 4.02 (b) – Changes to delivery by OPG of Certificate to **[Indenture Trustee][NTD: Is it sufficiently clear who the Certificate is delivered to?]** to confirm adherence of Guarantee to reflect business issues raised by dealers’ counsel re: Protection Agreement. However, OPG has proposed using the same approach for the Process Agreement which is discussed above. We also do not agree to the description of the contents of the Certificate as it must say that OPG has complied with its obligations to the Province and internal requirements and processes in connection with adherence of Limited Guarantee to the Certified Primary Obligation, not that it has delivered all certifications to Province as required.
    Proposed Response: Agree with Blakes mark-up.

    Additional Issues with respect to Certificates:

a) new narrowed concept of Certified Primary Obligation in Definitions for which a certificate will be required for adherence includes: (i) obligations incurred to fund investment interests or repay such funding, (ii) Master ISDA Agreement (not confirms or trades) and (iii) other contracts that have a term of more than 3 years and not terminable within 3 years and with aggregate amount payable of more than $5million.

b) timing of certificate (before incurrence but not more than 5 days in advance). – before it was the earlier of pricing and closing – but reflects discussion at meeting that it would be provided before closing.

13. 4.02(c) – re-insert reference to "in respect of which the Adherence Conditions had been satisfied" because it has to be clear that it is only a Refinancing of an existing Primary Obligation to which the Limited Guarantee already properly applied that is not affected by a Suspension Notice.

14. Proviso to 4.02 – Agree with wording that adherence conditions only apply to Certified Primary Obligations.

15. 4.03 – Reflects discussion at meeting permitting reliance on OPG certificate (without verifying officer authority) and allows for adherence if it can be demonstrated that OPG did comply with Process Agreement respecting delivering certificates for Certified Primary Obligation. However need to review wording "OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation – compare this to the wording in 4.02(b)?

16. 5.01(b) and 5.02 – Conforming – To confirm with Blakes.

17. Delete Article VI – Assumption Option - Given the changes that have been made and the reality that OPG is not building this right into the initial documents means that there is limited prospect for the assumption right to be meaningful. Even if exercised with respect to some obligations, does not remove the structure in the event of a Protection Event because there will still be outstanding obligations that are not capable of being assumed, except where the Province is subject to negotiations with certain creditors who may not allow assumption without compensation.

18. 6.03 – Agree with conforming Indenture Trustee reps to whatever is contained in Master Trust Indenture.

19. 7.01 – **Suspension of Adherence**. OPG has significantly reduced the rights of the Province with respect to the Province's rights to suspend the adherence of the Limited Guarantee to new obligations. This relates to the Process Agreement. In previous versions the Province had a right to suspend based on a breach of the Process Agreement, and this has been carved back to a narrower

right to suspend based on a breach in connection with an incurrence of a Primary Obligation. This needs to be revised to provide a link so that a breach of the Process Agreement can result in a suspension of the Limited Guarantee for new obligations going forward.
Proposed Response: Agree with Blakes' mark-up to insert clear suspension right for Program Breach and other defaults related to internal requirements and processes. [NTD: Review wording because perhaps all of the requirements don't actually concern adherence of the Limited Guarantee – consider this because adherence conditions only apply to Certified Primary Obligations.]

20. 7.01 – Note new wording requiring a certification from FSM prior to incurrence that proceeds will be used for refinancing of a Certified Primary Obligation incurred prior to the Suspension. Need to review and consider whether the Province is comfortable with allowing the FSM to make determinative when the suspension may have been a result of FSM breach. Difficult to predict scenarios under which suspension has occurred, but should consider what issues may arise.

21. 7.02 – Do not accept deletion of "amended" as Limited Guarantee should not apply where obligations are amended after suspension event.

22. [OLD 8.03] – Agree to delete Termination Notice as not necessary.

23. 8.01 – Agree to new wording that Agreement continues until amounts are paid under Limited Guarantee.

24. 8.02 – Notices to Province – to whom at MOF and MOE – Should it be Minister or someone else – most likely to be a payment demand? Any other notices that are likely?

25. Definition of Approved Obligation Amount – Should the regulation be referenced here? The "capping regulation" as opposed to just the Act. Footnote 5: **Needs review by MOE**.

26. Footnote 6: We would suggest that monthly draws under warehouse should be Certified Primary Obligations as they will be large amounts and significant obligations under the Protection Agreement.

27. See discussion above about definition of Certified Primary Obligation, including questions in Footnote 7.

28. Definition of Executive Officer – Footnote 8 – Looks like Torys has changed it to National Instrument in next draft which appears to be a better definition – more senior officers. – OFA to confirm whether this works.

29. Definition of Lien [used in 2.01(v)] and Loan Agreement [not used] – Do we need to include these? Lien is a generally understood concept, or do we need more specificity?

30. Definition of Master Agreement – Agree we should delete 1992 as it might not always be a 1992?

31. Definition of Primary Obligation – Footnote 9: Torys to confirm that this matches the Trust Indenture. See question in footnote.

32. Footnote 10 – Deletion because not in Trust Indenture, but a question for Torys because this concept may be included in a supplemental indenture.

33. Definition of “Refinancing” - Footnote 11 - This should be linked to the Act and Regulations. The General Regulation allows for a Refinancing to include amounts incurred within 6 months prior to the maturity date of a funding obligation. Need to consider whether this could lead to any problems with amounts that are intended for a refinancing but then are not used to refinance such debt. Suggesting some review with MOE on this point.

34. We should review the forms of notices attached to agreement.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[~~1~~2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal. **Note to Torys:** Logistics of closing are under consideration.

[~~1~~] ~~Torys and Blakes to discuss signatory~~[2] **Torys Note:** Please advise if there are any further issues with the Manager signing the Protection Agreement on behalf of the Trust? If so, can you please explain the issue. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would ~~propose to do the same on the change of law agreement~~like the Manager to sign this Agreement on behalf of the Trust. **Note to Torys:** Manager derives authority under the Management Agreement to sign Program Agreements. Management Agreement powers determined by reference to the Program Agreements, so authority is circular. Ultimately, Province will accept the opinion of Torys on due execution point.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[~~2~~]3 dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations ~~Secured~~ that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence

[~~2~~] ~~Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.~~

[3] **Torys Note:** We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request. **Note to Torys:** The Province will accept authorities opinion regarding the Trust from Torys.

Conditions at the time the Approved Obligation is incurred ~~or amended~~. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR

OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest

calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able

on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Guarantee Payment Date:

i. Not less than ~~[~~3~~]~~ Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement~~, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**")~~ setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of ~~the Guarantor Settlement Statement~~such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved

Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) ~~(i)~~ the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) ~~(ii)~~ the Province shall be paid the ~~amount by which~~lesser of (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(~~i~~A), ~~exceeds~~and (y) the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(C) ~~(iii)~~ no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(~~ii~~B) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or

reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)(iv)(B) and any amounts payable under clause 2.01(a)(v)**,** be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any

amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[3] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in

[3] ~~Mechanics of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.~~

respect of the Approved Obligation to the extent so paid[4]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment,

[4] ~~A corresponding provision needs to be added to the Trust Indenture and each other Funding Obligation Agreement under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.~~

decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations~~, or until the Province is no longer required to provide and perform the Limited Guarantee~~ in accordance with Section ~~6.03 or Section 8.02~~.8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions[5]

The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation ~~other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity~~:

(a) the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG ~~(or their respective designees, provided that such designees are executive officers of OPG and,~~ , or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, ~~one Business Day prior to the Financing Entity entering into or becoming bound by the related Funding Obligation Agreement~~on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation), confirming that OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, ~~(or their respective designees, provided that such designees are executive officers of OPG and,~~ or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in

[5] ~~Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors.~~

connection with the adherence of the Limited Guarantee to the Certified Primary Obligation; and

(c) in respect of a Certified Primary Obligation other than a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied, the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, (y) satisfaction of the Adherence Conditions for a ~~Funding~~Certified Primary Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the ~~Funding~~Certified Primary Obligation, as such ~~Funding~~Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b~~)(x~~) in connection with an incurrence of a Certified Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b) in respect of a Certified Primary Obligation, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests

(including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Sections 7.04 through 7.11 and 8.13 (Payment Priorities),** **Section ~~7.11~~7.12 (Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits),** ~~**Sections 7.04 and 8.13 (Payment Priorities),**~~ **Section 8.14 (Limited Recourse), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)** ~~**thereof]**~~ ~~and (ii~~**]**; (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section ~~9.02~~8.02.[6]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in

[6] ~~Section to be updated to conform with section in the Trust Indenture once settled.~~

respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section ~~2.01.~~7.1(d) of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~**ARTICLE VI**~~
~~**NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED**~~

~~**6.01 Delivery of Assumption Notice**~~

~~Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").~~

~~**6.02 Cooperation to Implement the Assignment and Assumption**~~

~~The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.~~[7]

~~**6.03 Effect of Assumption**~~

~~On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to~~

~~[7] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.~~

~~and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom.~~ ~~**[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**~~

~~6.04 Interim Period~~

~~Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.~~

~~6.05 Rights in respect of the Assets Comprising the Collateral~~

~~Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.~~

ARTICLE VI~~ARTICLE VII~~
INDENTURE TRUSTEE MATTERS

6.01 ~~7.01~~ Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 ~~7.02~~ Not Responsible for Recitals ~~or Issuance of Notes~~

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 ~~7.03~~ Representations and Covenants of the Indenture Trustee[4]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; and

~~(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;~~

~~(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and~~

(b) ~~(d)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VII~~ARTICLE VIII~~
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 ~~8.01~~ Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

[4] **Torys Note:** The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion. **Note to Torys:** The representations provided by the Indenture Trustee should be consistent with those in the Trust Indenture.

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the adherence of the Limited Guarantee, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

Thethe Province may, at any time and for any reason, declare that the Limited Guarantee under this Agreement shall not apply to any Obligation SecuredPrimary Obligations incurred on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, by delivering a written notice in the form of Exhibit CB (a "**Suspension Notice**") to the Province to the Indenture Trustee, the FSM and the Financing Entity.

The Limited Guarantee shall apply to any Certified Primary Obligation incurred after a Suspension Event on the basis that it is a Refinancing only if the FSM certifies to the Province in writing prior to the incurrence that the proceeds of such incurrence will be used solely for the purposes of repaying one or more Certified Primary Obligations incurred prior to the Suspension Event and to which the Limited Guarantee adhered as of the time the Suspension Event occurred, and the delivery of such written certification by the FSM to the Province shall be determinative for the purposes of concluding that such incurrence is a Refinancing for the purposes of Sections 7.01, 7.02 and 7.03.

7.02 8.02 Suspension

If a Suspension Notice has been provided under Section 8.017.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Primary Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered.

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

7.03 8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish

the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied~~, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI~~.

ARTICLE VIII~~ARTICLE IX~~
MISCELLANEOUS

8.01 ~~9.01~~ Term of Agreement

~~This Agreement will continue until the later of:~~

~~(a)~~ ~~the~~ This Agreement will continue until the date that no amount is or may become due and payable by the Province under the Limited Guarantee~~; and~~.

~~(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.~~

8.02 ~~9.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~

~~Email: [■]~~592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: ~~[■]~~Manager, Corporate Trust
Fax: (416) ~~[■]~~981-9777
Email: ~~[■]~~corporatetrust.toronto@computershare.com

~~[■]~~

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189

~~Email: [■]~~

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~9.02~~8.02.

8.03 ~~9.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section ~~9.03~~8.03 shall be null and void.

8.04 ~~9.04~~ Enurement

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

8.05 ~~9.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~9.06~~ No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 ~~9.07~~ Intentionally Deleted

8.08 ~~9.08~~ Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 ~~9.09~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, ~~[~~BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER~~]~~[8]

By: _____
Name:
Title:
By: _____
Name:
Title:

~~8 [To be discussed.]~~

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, ~~means~~ the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month [during each Reference Period ~~from and after May, 2021~~][9] is equal to the [estimated ~~finance amount~~Finance Amount determined in respect of such Reference Period ~~pursuant to~~for purposes of section •15(1) of the ~~General Regulation (as set forth~~Act (in effect on

[9] ~~What about earlier periods? Are the earlier periods covered at all, or is the intention that they would be determined without regard to the acceleration mechanics of the Regulation?~~

the date hereof)~~]~~[10][5] divided by the number of months in such Reference Period.

~~"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.~~

~~"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.~~

~~"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[6] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments

[10] ~~This needs to tie into the "estimated finance amount" determined under the General Regulation applicable during the Reference Period~~[5] **Note to Province**: MOE should confirm that this captures the limitations contemplated in connection with any "acceleration" under the revised Regulation. Consider whether it is necessary to refer specifically to the Regulation to avoid any disconnect, and to tie-in specifically to the context of the acceleration scenario applicable at the time.

[6] **Torys Query**: For a warehouse facility, does the Province want a Certificate for each monthly draw? **Note to Province:** Please advise. We may respond that to extent the draw is a Certified Primary Obligation, we would like to maintain the process set out in this Agreement.

by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[7]

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed thereto in National Instrument 51-102 – *Continuous Disclosure Obligations*.[8]

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with~~has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing

[7] **Note to Province**: Torys suggests that this concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions. Province to confirm that this is their understanding from meeting on Tuesday, November 21, particularly prongs (ii) and (iii) of the definition.

[8] **Note to Torys:** We have used the definition from NI 51-102 as there is only a definition of "officer" (but not "executive officer") in the OSA. **Note to Province:** Province to confirm that scope is acceptable. In NI 51-102, "Executive officer" means an individual who is (a) a chair, vice-chair or president; (a.1) a chief executive officer or chief financial officer; (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or (c) performing a policy-making function in respect of the issuer". If you prefer, we may use the definition of "officer" from the *Securities Act*. "Officer" means (a) a chair or vice-chair of the board of directors, a chief executive officer, a chief operating officer, a chief financial officer, a president, a vice-president, a secretary, an assistant secretary, a treasurer, an assistant treasurer and a general manager; (b) every individual who is designated as an officer under a by-law or similar authority of the registrant or issuer, and (c) every individual who performs functions similar to those normally performed by an individual referred to in clause (a) or (b).

Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, ~~the trustee of the~~ and thereafter "Financing Entity ~~at~~Trustee" means and includes such ~~time~~Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

~~"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).~~

~~"**General Regulation**" means O. Reg. 206/17 made under the Act.~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of an ISDA Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.~~

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

~~"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account~~,~~ or Finance Reserve Account~~, or Supplemental Reserve Account~~; and (ii) any ~~amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust~~obligation to pay the Financing Entity or on the ~~Trust~~Financing Entity's direction any remaining amounts ~~of Available Collections.~~in the Collection Account pursuant to the Trust Indenture.[9]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

[9] **Torys Note:** These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the waterfall and is not required to be held in the Collection Account otherwise. **Note to Torys:** Please confirm. The Trust Indenture states that if extra cash is available in the Collections Account, it can be held until a subsequent Pay ment Date.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[10]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the ~~[~~Crown~~]~~, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

[10] **Torys Note:** We deleted early amortization events because that is no longer a concept used in the Trust Indenture. **Note to Torys:** Early amortization events may be included in a supplemental indenture so we think retaining that reference makes sense.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in ~~in~~ the General Regulation as of the date hereof.[11]

~~"**Repayment**" has the meaning ascribed thereto in the General Regulation.~~

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(~~ii~~B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section ~~8.02~~7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section ~~8.01~~7.01.

~~"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.~~

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[11] **Torys Note:** Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended f unding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be). **Note to Province**: The General Regulation specifically provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" are simultaneous with the repayment of existing Approved Obligations. Consider if further discussion is required and MOE to specifically confirm understanding of the Regulation on this point.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

~~**EXHIBIT A.1**~~
~~**FORM OF GUARANTOR SETTLEMENT STATEMENT**~~

EXHIBIT B
~~ASSUMPTION~~SUSPENSION NOTICE

TO:	Ontario Power Generation Inc., in its capacity as Financial Services Manager
AND TO:	Fair Hydro Trust
AND TO:	Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust
AND TO:	BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, in accordance with the terms and conditions in Article VII.

The Limited Guarantee shall hereby not apply in respect of any Primary Obligation incurred or amended on or after delivery of this Suspension Notice, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

~~**EXHIBIT C**~~

~~**SUSPENSION NOTICE**~~**DATED** as of the [■] day of [■], [■].

~~**EXHIBIT D**~~
~~**TERMINATION NOTICE**~~

~~**EXHIBIT E**~~

~~**FORM OF ASSUMPTION AGREEMENT**~~

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

Document comparison by Workshare Compare on Tuesday, November 28, 2017 10:35:57 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/17
Description	TOR_2528-#23239360-v17-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/20
Description	TOR_2528-#23239360-v20-Change_of_Law_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	176
Deletions	180
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	366

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal. **Note to Torys:** Closing mechanics under consideration by the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of certain of the Transaction Documents, and the Province has not objected to such forms.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

[1] ~~Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.~~

[2] ~~Lawyers to discuss.~~

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[3];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired; or

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where any penalty or make-whole payment, or any requirement for further consent, approval or agreement, of the Specified Creditor party thereto would be required for the Province to assume the Obligations Secured thereunder.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

[3] Added to address the scenarios contemplated in 2.01(e).

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement [nor in the Change of Law Protection Agreement][4] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[5]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on the earlier of (i) one Business Day prior to or before the incurrence or any amendment[2] of a Funding Obligation, (other than any Funding Obligation under which not more than $■• in the aggregate may become payable by the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities (provided that delivery may not be more than 5 Business Days before the incurrence or

[4] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention.

[5] OPG/Dealers have indicated that "The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province has asked Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors.

[2] **Note to Province:** Please confirm that the timing of the delivery of the Process Certificate is satisfactory to you. The Process Certificate is delivered "on or before" incurrence or amendment. If preferable, we can revert back to the prior timing, which was delivery on the earlier of incurrence/ amendment, or pricing.

amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the then applicable Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on

the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Delivery of a Suspension Notice~~ Acknowledgement regarding delivery of certificate under Change of Law protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section ~~8.01~~3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement~~,~~ to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in **[Subsection 4.02(b)]** of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under **[Subsection 4.02(b)]** of the Change of Law Protection Agreement other than in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions had been satisfied at the time such Primary Obligation was incurred.

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under **[Section 7.01]** of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to **[Section** ~~8.01~~**7.01]** of the Change of Law Protection Agreement unless ~~any of the following circumstances~~a Program Breach or a Breach Event has occurred~~:~~.

~~(a) a Program Breach; and~~

~~(b) a Breach Event.~~

3.04 ~~3.03~~ Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 ~~3.04~~ Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01~~ or Article VI~~]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement~~; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG

shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is ~~not less~~more than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is ~~not less~~more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection

Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may

limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

~~ARTICLE VI~~
~~PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS~~[6]

~~6.01 Election by the Province~~

~~Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").~~

~~6.02 Details regarding Obligations Secured~~

~~Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:~~

~~(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;~~

~~(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;~~

~~(c) current versions of all documentation under which the Obligations Secured arise;~~

~~(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or~~

~~[6] Note: Lawyers to discuss assumption mechanics.~~

the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that

~~arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.~~[7]

ARTICLE VI~~ARTICLE VII~~
BREACH EVENTS

6.01 ~~7.01~~ Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII~~ARTICLE VIII~~
MISCELLANEOUS

7.01 ~~8.01~~ Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 ~~8.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business

~~[7] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.~~

Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189
~~Email: [■]~~

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~8.02~~7.02.

7.03 ~~8.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section ~~8.03~~7.03 shall be null and void.

7.04 ~~8.04~~ Enurement

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

7.05 ~~8.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 ~~8.06~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~

~~"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.~~

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" ~~means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under this Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under this Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.~~has the meaning ascribed thereto in Section 6.01.

~~has the meaning ascribed thereto in Section 7.01.~~

~~"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"~~**Election Information Notice**~~**Executive Officer**" has the meaning ascribed thereto in ~~Section 6.01~~the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a)~~.~~

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a)~~.~~

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~"**Legislature**" means the Legislature of the Province of Ontario.~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Loan Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" ~~means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.~~

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03.~~3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04.~~3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons

having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

~~**EXHIBIT A**~~
~~**FORM OF ELECTION INFORMATION NOTICE**~~

~~EXHIBIT B~~

~~FORM OF BREACH EVENT SUSPENSION NOTICE~~

Document comparison by Workshare Compare on Tuesday, November 28, 2017 10:32:18 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/14
Description	TOR_2528-#23239361-v14-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/17
Description	TOR_2528-#23239361-v17-Change_of_Law_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	55
Deletions	103
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	160

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[1]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~1~~[2]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] **This Agreement and the Process Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.**

~~1~~ ~~Torys and Blakes to discuss signatory~~[2] **Please advise if there are any further issues with the Manager signing the Protection Agreement** on behalf of the Trust**? If so, can you please explain the issue**. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would ~~propose to do the same on the change of law agreement~~**like the Manager to sign this Agreement on behalf of the Trust**.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[~~2~~]**[3]** dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of **Primary** Obligations ~~Secured~~ that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence

~~[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things~~**[3] We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request**.

Conditions at the time the Approved Obligation is incurred ~~or amended~~. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT **(ONTARIO)**.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR

OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest

calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able

on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified **Guarantee** Payment Date:

i. Not less than ~~[~~3~~]~~ Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, (a "**Guarantee Payment Date**"), the Manager shall deliver a written statement~~, substantially in the form attached as Exhibit A.1~~< ~~*(a "Guarantor Settlement Statement")*~~> setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder> *(a "Guarantor Settlement Statement")*<[4].

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to

[4] Given timing, we would appreciate if the parties did not negotiate this form now.

whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(A) ~~(i)~~ the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) ~~(ii)~~ the Province shall be paid the ~~amount by which~~**lesser of** (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(~~i~~**A**), ~~exceeds~~**and (y)** the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and[5]

(C) ~~(iii)~~ no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(~~ii~~**B**) shall

[5] **We thought this section required tweaking to reflect the intention of the parties.**

be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)~~v~~**(iv)(B)**, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation **by their terms**.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under **and** in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive

damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[3] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable

~~[3] Mechanics of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.~~

Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[4]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer

[4] ~~A corresponding provision needs to be added to the Trust Indenture and each other Funding Obligation Agreement under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.~~

or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations~~, or until the Province is no longer required to provide and perform the Limited Guarantee~~ in accordance with Section ~~6.03 or Section 8.02~~ 9.01.[6]

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

[6] We made this change to be consistent with the termination clause in section 9.01.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if **(i)** the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred**, or (ii) the Province, in its sole discretion, agrees it is an Approved Obligation**.

4.02 Adherence Conditions[5][7]

The following shall be the Adherence Conditions applicable in relation to each **Certified** Primary Obligation ~~other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity~~:

(a) the **Certified** Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

(b) OPG, as FSM, delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG ~~(or their respective designees, provided that such designees are executive officers of OPG and,~~ **, or any two Executive Officers of OPG (**for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, ~~one Business Day prior to the Financing Entity entering into or becoming bound by the related Funding Obligation Agreement~~**on or before the incurrence of a Certified Primary Obligation[8] (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation)**, confirming that OPG has ~~delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG~~

[5] ~~Dealers to explain how the current structure requiring satisfaction of the adherence conditions in~~[7] **We would propose that the certification in section 4.02(b) of** the Protection Agreement ~~is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors~~**track the requirements of section 3.01 of the Process Agreement to ensure that the two sections are consistent. Accordingly, we have revised section 4.02(b) of the Protection Agreement to state the certificate delivered to the Indenture Trustee under this section should confirm that all certifications to the Province required in connection with the incurrence of such Certified Primary Obligations have been delivered to the Province**.

[8] **We tried to address all parties concerns expressed at our last meeting by this language. The Province can be assured that no certificate earlier than 5 Business Days prior to incurring the Certified Primary Obligation is delivered and the dealers have comfort that the clause is not too prescriptive.**

~~(or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to~~**provided to the Province all certifications required by** the Province~~ and internal requirements and processes~~ in connection with the ~~adherence of the Limited Guarantee to the~~**incurrence of such Certified** Primary Obligation; and

(c) in respect of a **Certified** Primary Obligation other than a Refinancing~~ of a Primary Obligation in respect of which the Adherence Conditions had been satisfied~~, the Province has not provided **a** Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

For greater certainty, **(y)** satisfaction of the Adherence Conditions for a ~~Funding~~**Certified Primary** Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the ~~Funding~~**Certified Primary** Obligation, as such ~~Funding~~**Certified Primary** Obligation may be amended, restated, supplemented or otherwise modified from time to time**, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation**.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)~~(x)~~ in connection with an incurrence of a **Certified** Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. **A closing certificate that purports on its face to be signed by officers specified in Section 4.02(b) may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If a closing certificate is not delivered in accordance with the timing requirements of Section 4.02(b), such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of Section 4.02(b), if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the incurrence of a Certified Primary Obligation.**[9]

[9] This additional language was added to address the concerns of the dealers and Oslers discussed at our last meeting.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[**Sections 7.04 through 7.11**>** *and 8.13 (Payment Priorities),* **<**Section ~~7.11~~7.12 **(Payments Held in Trust), Section 8.11 (Control by Controlling Class Creditors), Section 8.12 (Limitation on Suits),** ~~Sections 7.04~~**<** ~~*and 8.13 (Payment Priorities),*~~ **>Section 8.14 (Limited Recourse), Section 9.14 (Communications to Specified Creditors) and Section 16.01 (No Petition)** ~~thereof]~~ and (ii**]; (ii) consents, requests and authorizes the**

Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection [13.13(b)] of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection [9.14(b)] of the Trust Indenture, and (iii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[6][10]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee ~~and~~**or** subrogee**, as applicable,** of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF CERTAIN OBLIGATIONS SECURED[11]

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured~~, as~~

[6] ~~Section to be updated~~[10] **These changes were made** to conform ~~with section in~~**to the latest draft of** the Trust Indenture~~ once settled~~**, a copy of which will be circulated soon**.

[11] **Please see Torys' cover email to explain changes made in this Article and the related Article in the Process Agreement. Section 6.05 was deleted since it was not applicable in a context where only some of the Obligations Secured would be assumed.**

~~obligor and debtor~~ **permitted to be assumed by their terms** (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of ~~the~~**such** Obligations Secured will be effective (~~the~~**each such date being an** "**Assumption Closing Date**").[12]

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured **referenced in Section 6.01** by and from the Financing Entity to and by the Province~~,~~ by the **applicable** Assumption Closing Date.[7]

6.03 Effect of Assignment and Assumption

On the date that the assignment and assumption of the Obligations Secured **referenced in Section 6.01** by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under ~~the~~**such** Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. ~~**[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**~~

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured **referenced in Section 6.01** by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee **with respect to those Obligations Secured**.

~~6.05 Rights in respect of the Assets Comprising the Collateral~~

~~Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the~~

[12] **It is not realistic to think that the assumptions of Secured Obligations will all occur on one day. We think it has to happen on a contract by contract basis. As a Secured Obligation is assumed, the Limited Guarantee falls away with respect to it (it becomes a "zero" item in the waterfalls).**

[7] ~~Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.~~

~~Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.~~

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals ~~or Issuance of Notes~~

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee[13]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada; **and**

~~(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;~~

~~(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and~~

[13] **The Indenture Trustee asked us to delete these representations. They will not provide these types of representations without attaining a legal opinion from outside counsel. To avoid delay, we would ask that the parties agree to this deletion.**

(b) ~~(d)~~ the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

Upon:

(a) **a Program Breach; or**

(b) **a default in the performance, or breach, of any covenants or representations of the FSM to the Province in connection with an incurrence or amendment of Primary Obligations, which continues for thirty (30) days after written notice by the Province to the FSM of such default or breach; or**

(c) **the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,**

~~The~~**the** Province may~~, at any time and for any reason,~~ declare that the Limited Guarantee under this Agreement shall not apply to any ~~Obligation Secured~~**Primary Obligations** incurred[14] on or after such declaration, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Province to the Indenture Trustee, the FSM and the Financing Entity.[15]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any **Primary** Obligation ~~Secured~~ incurred ~~or amended~~[16] on or after the time such Suspension Notice is delivered, other than any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied. For greater certainty, the rights of the Province under Article VI shall apply in respect of ~~all~~**the** Obligations Secured **referenced in Section 6.01**, including if incurred ~~or amended~~ on or after the time such Suspension Notice is delivered.

[14] **We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.**

[15] **OPG has confirmed that it is problematic from an accounting perspective to give the Province a broad right to suspend at any time. As discussed in the meeting, we therefore reintroduced the concept of the Program Breach and Breach Event but we made the breach event generic to ensure we do not have to reference the Process Agreement in this document.**

[16] **We will need the ability to amend the Primary Obligations after a Suspension Notice to deal with the Suspension Notice itself.**

~~8.03 **Termination Notice** On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").~~[17]

8.03 ~~8.04~~ No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Refinancing of a Primary Obligation in respect of which the Adherence Conditions had previously been satisfied, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ~~Article~~ARTICLE VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the ~~later of:(a)~~ ~~the~~ date that no amount is or may become due and payable by the Province under the Limited Guarantee~~; and(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity~~.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

[17] We have deleted the concept of the termination notice since it no longer serves a purpose and is potentially confusing to the reader.

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: ~~[■]~~**General Counsel**
Fax: (416) ~~[■]~~
~~Email: [■]~~**592-4189**

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: ~~[■]~~**Manager, Corporate Trust**
Fax: (416) ~~[■]~~**981-9777**
Email: ~~[■]~~**corporatetrust.toronto@computershare.com**

~~[■]~~

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: ~~[■]~~**General Counsel**
Fax: (416) ~~[■]~~**592-4189**

~~Email: [■]~~

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, ~~[~~BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER~~]~~[8]

By: _____
Name:
Title:
By: _____
Name:
Title:

[8] ~~To be discussed.~~

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", means, in respect of athe Certified Primary Obligation, meansObligations, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month [during each Reference Period from and after May, 2021][9] is equal to the [estimated finance amountFinance Amount determined in respect of such Reference Period pursuant tofor purposes of section •15(1) of the General Regulation (as set forthAct (in effect on

[9] What about earlier periods? Are the earlier periods covered at all, or is the intention that they would be determined without regard to the acceleration mechanics of the Regulation?

the date hereof)]10 divided by the number of months in such Reference Period.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation**applicable Supplemental Indenture or Loan** Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.<*"**Assumption Closing Date**" has the meaning ascribed thereto in Section ><6.01>**the applicable Supplemental Indenture or Loan Agreement**.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

>*"**Assumption Closing Date**" has the meaning ascribed thereto in Section <>6.01<*.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01."**Available Collections**" has the meaning ascribed thereto in the Trust Indenture**6.01**.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"Certified Primary Obligations" means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[18] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[19]

10 This needs to tie into the "estimated finance amount" determined under the General Regulation applicable during the Reference Period.

18 **Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?**

19 **This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.**

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"Executive Officer" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with~~**has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and** the Declaration of Trust, ~~the trustee of the~~ **and thereafter "**Financing Entity ~~at~~**Trustee" means and includes** such ~~time.~~ **Person.**[20]

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

>*"**General Regulation**" means O. Reg. 206/17 made under the Act.*<

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

[20] **We are merely conforming this definition to the definition of Indenture Trustee.**

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

~~<"***General Regulation***" *means O. Reg. 206/17 made under the Act.*>~~

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"Lien" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"Loan Agreement" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"Master Agreement" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

~~"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.~~

[21]

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

~~"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.~~

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account~~,~~ **or** Finance Reserve Account~~, or Supplemental Reserve Account~~; **and** (ii) any ~~amounts that would be remaining amounts of Available Collections required by the to be held <*in the Collection Account*> for distribution on a succeeding Payment Date<*pursuant to the Trust Indenture*>; and (iii) any obligation to pay the Trust~~**obligation to pay the Financing Entity** or on the ~~Trust~~**Financing Entity**'s direction any remaining amounts ~~of Available Collections.~~><u>*in the Collection Account*<> *pursuant to the Trust Indenture*<</u>.[22]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, ~~early amortization event,~~ termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.[23]

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

[21] **The definition of Notes is not used in the Agreement.**

[22] **These changes were made to conform to the most current version of the Trust Indenture, a copy of which will be circulated soon. Additionally, money in the Collection Account is required to flow through the water fall and is not required to be held in the Collection Account otherwise.**

[23] **We deleted early amortization events because that is no longer a concept used in the Trust Indenture.**

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the ~~[~~Crown~~]~~, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

~~"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in in the General Regulation as of the date hereof."~~"**~~Repayment~~Reference Period**" has the meaning ascribed thereto in the ~~General Regulation~~**Act**.

"Refinancing" means the incurrence of debt where at the time of issuance the use of the proceeds thereof are identified by the Issuer as to be used to repay an existing Approved Obligation.[24]

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"Supplemental Indenture" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

~~"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.~~

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

[24] **Refinancings can occur up to six months prior to the application of the refinancing proceeds to the existing obligation. The regulations provide that if the refinancing proceeds are not applied to repay the intended funding obligation, then it is not a Refinancing. Accordingly, we have revised the definition to ensure that Refinancings do not have to be simultaneous with repayment of the existing Approved Obligation (we understand from the dealers that in most circumstances they will not be).**

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: **Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "Province")**

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "Financing Entity"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "Change of Law Protection Agreement"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

~~**EXHIBIT A.1**~~
~~**FORM OF GUARANTOR SETTLEMENT STATEMENT**~~

EXHIBIT B
ASSUMPTION NOTICE

[NTD: Blakes to provide draft]

EXHIBIT C
SUSPENSION NOTICE

~~**EXHIBIT D**~~
~~**TERMINATION NOTICE**~~

~~**EXHIBIT E**~~

~~**FORM OF ASSUMPTION AGREEMENT**~~

[NTD: Blakes to provide draft]

Document comparison by Workshare Compare on November-24-17 1:52:11 PM

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Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24533583/2
Description	#24533583v2<TorysAtWork> - CLPA - Protection Agreement
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Legend:	
Insertion	
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Style change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Insertions	180
Deletions	148
Moved from	7
Moved to	7
Style change	0
Format changed	0
Total changes	342

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] This Agreement and the Protection Agreement will need to be effective on closing but signed and held in escrow as soon as they are settled and prior to pricing of the term deal.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of **Primary** Obligations ~~Secured~~ that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the proposed forms of ~~certain of~~ the Transaction Documents **listed on Exhibit "A"**, and the Province has not objected to such forms **and has confirmed to OPG that such Transaction Documents constitute "Reference Documentation" for purposes of this Agreement**.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan attached hereto as Exhibit "B" (the "Initial Financing Plan"), and the Province has not objected to such Initial Financing Plan.

Prior to entering into this Agreement, OPG, as the FSM, provided to the Province (i) the initial forecast attached hereto as Exhibit "C" (the "Initial Forecast")> *setting out OPG's expectations regarding the aggregate maximum amount of Repayments* <>*that would arise in the future under Approved Obligations to be incurred during the* <**24 month period**

[1] ~~Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.~~

[2] ~~Lawyers to discuss~~**We are comfortable on this point because OPG has retained Computershare as issuer trustee. The recitals of the Declaration of Trust provide that Computershare has established the Trust at the request of the FSM. We can also provide you with a copy of the Computershare engagement letter upon request**.

following the date hereof> *(the "**Initial Forecast Period**")*<**; and (ii) notice of the initial Protection Agreement Maximum of C$■ (the "Initial Protection Agreement Maximum").**[3]**

The Province has not objected to the Initial Forecast and the Initial> *Protection Agreement Maximum on the basis that (i) there*< **does not appear to be inaccuracies in the Initial Financing Plan or the Initial Forecast, (ii) the Initial Forecast is consistent with the Initial Financing Plan, and (iii) the Initial Protection Agreement Maximum is less than the Initial Forecast.**

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

[3] **Given that this Agreement would now be delivered on or immediately prior to closing, we thought it would be acceptable to reference these initial items as delivered versus as future deliverables. Please note that OPG is working with the Province to deliver the initial financing plan and the initial forecast and to confirm the initial protection agreement maximum.**

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT **(ONTARIO)**.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) ~~Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter,~~ OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the **Initial** Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being

effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not **(unless waived by the Province)**:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to the extent that only particular financial terms, rates and levels are affected[3];

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired~~.~~**; or**

(D) allow the Financing Entity to enter into any Supplemental Indenture or Loan Agreement where *any penalty or make-whole payment, or any requirement for further consent, approval or agreement,* **of the Specified Creditor party thereto would be required for** *the Province to assume the Obligations Secured* **thereunder.**[4]

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event ~~(or any event that with the passage of time or the giving of notice would be a Protection Event)~~[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

~~[3] Added to address the scenarios contemplated in 2.01(c).~~

[4] Please see our cover note regarding the proposed assumption by the Province. Lawyers to discuss if appropriate mechanics for the first two deals are possible given timing.

[5] OPG is not in a position to be aware of events that may lead to a Protection Event.

(c) **For greater certainty, the parties hereto acknowledge and agree that OPG's obligations under this Agreement are subject to (i) OPG's obligations as FSM under the Act, and (ii) OPG's obligations under the Management Agreement.**[6]

(d) ~~(c)~~ Nothing in this Agreement ~~[~~nor in the Change of Law Protection Agreement~~]~~[47] shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[5][8]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG ~~(or their respective designees, provided that such designees are also executive~~**or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as** officers of OPG **acting in its capacity as FSM**) and addressed to the Province, on ~~the earlier of (i) one Business Day prior to~~**or before** the incurrence ~~or any amendment~~ of a ~~Funding~~**Certified Primary** Obligation (~~other than any Funding Obligation under which not more than $■ in the aggregate may become payable by the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities~~**provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation**), setting out the following with respect to such ~~Funding~~**Certified Primary** Obligation:

[6] **We would like to ensure that there is an acknowledgement that OPG has certain obligations under the Act and the Management Agreement.**

[47] This language has extra-contractual implications and so its meaning as between only 2 of the parties to the Protection Agreement is uncertain. Torys to explain intention. **Torys: This provision is intended to clarify that neither the Protection Agreement nor the Process Agreement supersedes or otherwise amends the Province's obligations under the Provincial Indemnity Agreement. It is effectively an acknowledgment by the Province in favour of OPG and does not involve the other parties to the Protection Agreement and so we are comfortable including it here only. However, we do not have an issue with putting an equivalent clause in the Protection Agreement if that is preferable from your perspective.**

[5] ~~OPG/Dealers have indicated that "The current structure requiring satisfaction of~~<~~*the adherence conditions*~~>in~~[8] **The Process Certificate conforms to the certificate delivered under the Change of Law Protection Agreement including the changes to ensure that the Process Certificate is only provided here when a concurrent certificate is required to be delivered by OPG under** the Protection Agreement ~~impacts the marketability of the transaction and creates uncertainty for investors. Province has asked Dealers to explain how the current structure requiring satisfaction of the adherence conditions in the Protection Agreement is more onerous than ordinary adherence conditions applicable to government guaranteed bonds and to estimate the quantum impact on the marketability of the transaction and explain what uncertainty an ordinary closing condition of this type poses for investors~~**. Without this consistency, the obligations can become confusing and the intent of the parties of when Primary Obligations are subject to**> *the adherence conditions* <**may not be clear**.

(a) the material terms of the ~~Funding~~**Certified Primary** Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a ~~Derivative~~**Master** Agreement[9]**, events of default**~~, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights~~ **termination events and any amendment to the standard terms of the Master Agreement relating to the calculation of termination amounts (and, for greater certainty, it shall not be necessary to set out the terms of any trade confirmation)**;

~~(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;~~

(b) ~~(c)~~ a statement to the effect that: (i) the ~~Funding~~**Certified Primary** Obligation to be incurred~~ or amended~~ (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(c) ~~(d)~~ a statement confirming that any disclosure made in respect of the ~~Funding~~**Certified Primary** Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the ~~Funding~~**Certified Primary** Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(d) ~~(e)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) ~~(f)~~ confirmation that, at the time the ~~Funding~~**Certified Primary** Obligation is incurred~~ or amended~~, the maximum aggregate payment amounts due or becoming

[9] **Since we agreed at our meeting that OPG only needs to provide a certificate under section 4.02 of the Change of Law Protection Agreement when they enter into a Master Agreement (and not the broader concept of the Derivative Agreement), we had to revise the language here to conform to what would be expected to be found in a Master Agreement.**

due in the future in respect of Repayments under the ~~Funding~~**Certified Primary** Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the **then applicable** Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Delivery of a Suspension Notice~~ Acknowledgement[10]

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section ~~8.01~~<~~*of the Change of Law Protection Agreement*~~>~~, the Province is entitled to deliver a Suspension Notice. The Province agrees not to deliver a Suspension Notice pursuant to Section 8.01~~**3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(b)] of the** Change of Law Protection Agreement ~~unless any of the following circumstances has occurred:~~**to the Indenture Trustee confirming that OPG has delivered all required certifications to the Province in connection with the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(b)]**> *of the Change of Law Protection Agreement*< **is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(b)] of the Change of Law Protection Agreement other than in connection with a Refinancing.[11]**

~~(a) a Program Breach; and~~

~~(b) a Breach Event.~~

[10] **OPG needs certainty on the conditions in which it is permitted to deliver the certificate under the Change of Law adherence conditions.**

[11] **Since OPG receives a Suspension Notice under the Change of Law Protection Agreement, we removed the concept of such notice here other than to provide the covenant above.**

3.03 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(~~c~~b), the term "Reference Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to, and not objected to by, the Province prior to the making of this Agreement, as contemplated in the fifth recital to this Agreement; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(~~c~~b), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[12]

~~(a) Not less than 15 Business Days, or such lesser period as the Province may agree to in writing, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast<~~ ~~*setting out OPG's expectations regarding the aggregate maximum amount of Repayments*~~ ~~><that would arise in the future under Approved Obligations to be incurred during the >next following 24 month period<~~ ~~*(the "**Initial Forecast Period**")*~~ ~~>, which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.~~

~~(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial<~~ ~~*Protection Agreement Maximum on the basis that (i) there*~~ ~~> appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.~~

(a) ~~(c)~~ Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) ~~(d)~~ Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the

[12] **Per an earlier footnote, the items in previous draft (a) and (b) were moved to the recitals.**

revised Protection Agreement Maximum from OPG pursuant to Section 4.01(~~e~~a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is ~~not less~~more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) ~~(e)~~ For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or

any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[6][13]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured~~,~~ **permitted to be assumed by their terms** as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit ~~A~~**"D"** (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date **or dates** on which the Province proposes to assume the Obligations Secured **referred to in this Section 6.01**, which date **or dates** shall be no earlier than ~~20 Business Days~~**60 days**[14] following delivery of the Election Information Notice to OPG (**with respect to each such Obligation Secured,** the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

~~Promptly~~**Within 10 Business Days** following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under ~~all~~**the** Obligations Secured **referred to in Section 6.01** as of the Proposed Assumption Date, together with a

[6] ~~Note: Lawyers to discuss assumption mechanics~~[13] **Please see Torys' cover email to explain changes made in this Article and the related Article in the Protection Agreement. Section 6.05 was deleted and moved up as a covenant in section 2.02(a)(v)(D).**

[14] **This process will take time and require appropriate notice to holders of the applicable Obligations Secured.**

detailed schedule setting out the dates on which such amounts will become due and payable under ~~the~~**such** Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured **referred to in Section 6.01** that permit the ~~Financing Entity to assign the~~**Province to assume such** Obligations Secured ~~to the Province~~, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured **referred to in Section 6.01** arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured **referred to in Section 6.01** by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and consideration by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured **referred to in Section 6.01** and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section **[6.01]** of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice, and Article VI of this Agreement shall continue to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, shall use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured **referred to in Section 6.01** by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

ARTICLE VII In order to permit< *the Province to assume the Obligations Secured* >in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without< *any penalty or make-whole payment, or any requirement for further consent, approval or agreement,* >or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations that arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[7][15]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager. **ARTICLE VIII**

[7] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors (including in the applicable Funding Obligation Agreement) will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties[15] **Breach events not required to be listed since OPG receives a Suspension Notice under the Change of Law Protection Agreement. See also the proviso in section 3.02.**

~~MISCELLANEOUS~~
MISCELLANEOUS

7.01 ~~8.01~~ Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 ~~8.02~~ Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: ~~[■]~~General Counsel
Fax: (416) ~~[■]~~592-4189
~~Email: [■]~~

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section ~~8.02~~**7.02**.

7.03 ~~8.03~~ Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section ~~8.03~~**7.03** shall be null and void.

7.04 ~~8.04~~ Enurement

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

7.05 ~~8.05~~ FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 ~~8.06~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" means the occurrence ~~or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under this Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under this Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03~~**of an event described in Section [8.01(b) or (c)]** of the Change of Law Protection Agreement~~, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager~~.

~~has the meaning ascribed thereto in Section 7.01.~~

~~"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"Certified Primary Obligations" means Primary Obligations that are payment obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest or to repay payment obligations that were incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest,[16] (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not each individual trade confirmation, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and aggregate payments by the

[16] Query: For a warehouse facility, does the Province want a Certificate for each monthly draw?

Financing Entity thereunder during the term of such contract is in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).[17]

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"Executive Officer" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" ~~means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time~~has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(~~e~~a).

[17] This concept reflects what Primary Obligations the parties agreed to be subject to the adherence conditions.

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"Initial Financing Plan" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in ~~Section 4.01(a)~~**the recitals of this Agreement**.

"**Initial Forecast Period**" has the meaning ascribed thereto in ~~Section 4.01(a)~~**the recitals of this Agreement.**

"Initial Protection Agreement Maximum" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~"**Legislature**" means the Legislature of the Province of Ontario.~~

[18]

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"Loan Agreement" has the meaning ascribed thereto in the Trust Indenture.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

[18] Definition of Legislature not used here.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"Master Agreement" means an agreement in the form of a 1992 ISDA Master Agreement (Multi-Currency – Cross Border) as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

~~"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.~~

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section ~~3.03.~~**3.03.**

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section ~~3.04.~~**3.04.**

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to ~~an ISDA~~**a** Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A<
~~FORM OF ELECTION INFORMATION NOTICE~~>"
INITIAL REFERENCE DOCUMENTATION

- **Declaration of Trust;**
- **Management Agreement;**
- **Master Transfer and Servicing Agreement;**
- **Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;**
- **Security agreement made by IESO in favour of the Financing Entity to secure certain of its obligations under the Master Transfer and Servicing Agreement;**
- **Trust Indenture;**
- **Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;**
- **Schedule to the ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time;**
- **Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and**
- **Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.**

[NTD: List above to be confirmed.]

EXHIBIT "B"
INITIAL FINANCING PLAN

(see attached)

EXHIBIT "C"
INITIAL FORECAST

(see attached)

EXHIBIT "D">
FORM OF ELECTION INFORMATION NOTICE<

[NTD: Blakes to provide draft.]

~~**EXHIBIT B**~~
~~**FORM OF BREACH EVENT SUSPENSION NOTICE**~~

Document comparison by Workshare Compare on November-24-17 1:50:23 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24529785/1
Description	#24529785v1<TorysAtWork> - -CLPA - Process Agreement(November 22/17)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24529785/2
Description	#24529785v2<TorysAtWork> - -CLPA - Process Agreement(November 22/17)
Rendering set	strikeout-colour

Legend:	
Insertion	
~~Deletion~~	
<~~*Moved from* ~~>	
>*Moved to* <	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	166
Deletions	124
Moved from	9
Moved to	9
Style change	0
Format changed	0
Total changes	308

From:	Whitfield, Tobias P. (MOF)
To:	Mike Manning; Ken Kandeepan; Gadi Mayman; Anna Strathy; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Carlos Yep; Ronald Kwan; John Kim
Cc:	Malle Hanslep (MOF); stephen.ashbourne@blakes.com
Subject:	Protection/Process Agreements s. 28 Approval Forms
Date:	Wednesday, December 06, 2017 3:08:55 PM
Attachments:	Fair Hydro Plan Process Agreement s. 28 Approval - Dec 6 DRAFT.doc Fair Hydro Plan Protection Agreement s. 28 Approval - Dec 6 DRAFT.doc

---

Please find attached forms of s. 28 approval for the Change of Law Protection Agreement and the Change of Law Process Agreement. Please let me know if you have any comments.

We have divided these into two separate approvals because the Process Agreement does not have to be shared with the same parties as the Protection Agreement.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

Ministry of Finance
Office of the Minister

Ministère des Finances
Bureau du ministre

Ontario

7th Floor, Frost Building South
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Telephone: 416-325-0400
Facsimile: 416-325-0374

7e étage, Édifice Frost Sud
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Téléphone: 416-325-0400
Télécopieur: 416-325-0374

December , 2017

TO: **Minister of Energy**

Approval pursuant to section 28 of the
Financial Administration Act

For the purpose of section 28(1) of the *Financial Administration Act*, I hereby approve the entry into by Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy and the Minister of Finance acting together, of the financial arrangements, financial commitments, guarantees, indemnities and similar transactions that would increase, directly or indirectly, the indebtedness or contingent liabilities of Ontario substantially in the attached form of Change of Law Process Agreement.

_____
Charles Sousa
Minister of Finance

Attachment

DRAFT

Ministry of Finance
Office of the Minister

Ministère des Finances
Bureau du ministre

Ontario

7th Floor, Frost Building South
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Telephone: 416-325-0400
Facsimile: 416-325-0374

7e étage, Édifice Frost Sud
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Téléphone: 416-325-0400
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December , 2017

TO: **Minister of Energy**

Approval pursuant to section 28 of the
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_____
Charles Sousa
Minister of Finance

Attachment

DRAFT

From:	Milligan, Peter
To:	Ramchandani, Rima; Tobias P. Whitfield (MOF); Hill, Krista; "STEPHEN.ASHBOURNE@blakes.com"; "LEE John - TREASURY"; Feldman, Michael; RYFA Ken -TREASURY
Cc:	Gavin He; Hosick, Sarah (TBS); Cengarle, John (MOF); John Kim; Anna Strathy; Malle Hanslep (MOF); Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); Mike Manning; Gadi Mayman; Mark Donaldson (MOF); Keley Katona (ENERGY); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Sebastiano, Rocco; Fullerton, Rick; Smith, Elliot; Mansoori, Nina; Emes, Aaron
Subject:	Provincial Protection Agreement - Dealer Comments
Date:	Friday, September 15, 2017 12:10:52 PM

All,

We (Osler and the dealers) have discussed the several drafts of the Provincial Protections and Assurances Term Sheet that were circulated yesterday. Below are the issues the dealers would like to discuss. We understand that a meeting is being arranged for Monday.

1. In several places, the term sheet provides that decisions will be made by the Ministers or by the Ministers and the Financing Entity/Manager. There is no reference to the Indenture Trustee/dealers. For example, the third sentence of the document provides that the agreement will include "*such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate.*" Either all anticipated parties to the definitive agreement should have the benefit of statements of this nature or they should not be included.

2. The clause headed Specified Claims refers to "payment obligations" that are secured. Is there an intention to exclude any Obligations Secured (to use the Trust Indenture term)?

3. There was a request to expand the scope of the regulations covered to include "connected" regulations; the intention being to include the regulations relating to the recovery of interest during the moratorium period through the Global Adjustment. The Province did not make the requested change. Will these GA regulations be covered? They need to be.

4. While we understand the IESO LC for defaulted LDCs and the step-up pricing for warehouse take-out risk are not specifically the subject of this agreement, they are substitutes for provincial protections that were originally requested. We need to have confirmation that these issues have been resolved.

5. The requirement that the change of law have a "material" adverse effect is not acceptable.

6. We do not want the phrase "in a final and non-appealable judgement" being included in the *ultra vires* provision. Investors will be looking for timely payment.

7. We need it to be clear that the exclusion for "economic loss or loss of profits" does not cover the obvious economic loss/loss of profits that occurs when debt is not paid. The exclusion of consequential, special or punitive damages should be sufficient.

8. We need to understand exactly what is contemplated by an obligation to pay under the heading "Obligation to Pay Specified Claims" versus the option to assume under the heading of "Optional Assumption". We do not see a distinction. We also note that in the subrogation section there is

a reference to the Obligor as guarantor. Our view is that if a Protection Event occurs, the Province assumes all the obligations and is subrogated to all of the rights of the specified creditors against the Financing Entity and in respect of the clean energy adjustment. The Province can then retain as little or as much of the existing structure as it sees fit.

9. A proposal was made to address the issues arising from a post-default acceleration of the funding obligations by giving the province an option to assume the funding obligations to avoid acceleration. If that option is to be pursued, it would need to be in this term sheet. If it is not the solution, what is the solution?

10. We understand that the obligor approval mechanic has been deferred. Investors will need a provision that contemplates either (a) before each funding obligation is incurred, explicit confirmation by the Province that the provincial protection will apply to the protection, or (b) a process for non-specific approvals that the Financing Entity and the Province agree to implement that includes a provision to the effect that if a funding obligation is issued, the provincial protection is applicable. Put another way, the investors will have no obligation to insure that the province and the Financing Entity/Manager followed their agreed process for approvals.

We look forward to discussing.

Peter

OSLER

Peter Milligan

416.862.6634 DIRECT
416.862.6666 FACSIMILE
pmilligan@osler.com

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

osler.com
[osler.com]

****

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****

From:	Anna Strathy
To:	ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Gadi Mayman; Malle Hanslep (MOF); Hresa Gavaris; John Kim; Hilary Cox (ENE); Steen Hume (CAB); Tim Christie (ENERGY); Daniel Cayley (ENERGY)
Subject:	Provincial Protection Agreement, Review | OFA, Energy, Legal Counsel, Blakes

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

From:	Anna Strathy
To:	Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); "stephen.ashbourne@blakes.com"; Hresa Gavaris; John Psinas; Steen Hume (CAB); Daniel Cayley (ENERGY)
Subject:	Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel
Start:	Friday, November 10, 2017 4:00:00 PM
End:	Friday, November 10, 2017 4:30:00 PM
Location:	Executive Boardroom, 14th Floor, 1 Dundas OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

The purpose of this meeting is to discuss, at a high-level, OPG's edits to the Protection and Process Agreements (received Wednesday evening) and discuss next steps.

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

From:	Anna Strathy
To:	Gadi Mayman; Ken Kandeepan; Ronald Kwan; Mike Manning; Anna Strathy; John Kim; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Malle Hanslep (MOF); ASHBOURNE, STEPHEN; JACKSON, ADAM; PRESTAGE, JA; VINER, JON (JON.VINER@blakes.com); Tobias P. Whitfield (MOF); "Veinot, Cindy (TBS)"; Steen Hume (CAB); "Hosick, Sarah (TBS)"; Hilary Cox (ENE); Mark Donaldson (MOF); Tim Christie (ENERGY); Daniel Cayley (ENERGY)
Subject:	Provincial Protection and Process Agreements, November 24 Drafts | OFA, OPCD, MOF, Energy, Legal Counsel
Start:	Friday, December 01, 2017 9:30:00 AM
End:	Friday, December 01, 2017 11:30:00 AM
Location:	Executive Boardroom, 14 Floor, 1 Dundas OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Please call me at 5-8032 upon arrival to gain access to the 14th floor of 1 Dundas.

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

From:	Anna Strathy
To:	Ken Kandeepan; Ronald Kwan; Mike Manning; John Kim; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Malle Hanslep (MOF); ASHBOURNE, STEPHEN; JACKSON, ADAM; PRESTAGE, JA; VINER, JON (JON.VINER@blakes.com); Tobias P. Whitfield (MOF); Steen Hume (CAB); Hilary Cox (ENE); Tim Christie (ENERGY); Daniel Cayley (ENERGY); John Psinas
Subject:	Provincial Protection and Process Agreements, Review | OFA, Energy, Legal Counsel, Blakes
Start:	Monday, December 04, 2017 2:30:00 PM
End:	Monday, December 04, 2017 3:00:00 PM
Location:	Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Teleconference only. The Executive Boardroom is booked.

From:	Anna Strathy
To:	Ken Kandeepan; Ronald Kwan; Mike Manning; John Kim; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Malle Hanslep (MOF); ASHBOURNE, STEPHEN; JACKSON, ADAM; PRESTAGE, JA; VINER, JON (JON.VINER@blakes.com); Tobias P. Whitfield (MOF); Steen Hume (CAB); Hilary Cox (ENE); Tim Christie (ENERGY); Daniel Cayley (ENERGY); John Psinas
Subject:	Provincial Protection and Process Agreements, Review | OFA, Energy, Legal Counsel, Blakes

From:	Anna Strathy
To:	Gadi Mayman; Ken Kandeepan; Ronald Kwan; Mike Manning; John Kim; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Malle Hanslep (MOF); ASHBOURNE, STEPHEN; JACKSON, ADAM; PRESTAGE, JA; VINER, JON (JON.VINER@blakes.com); Tobias P. Whitfield (MOF); Steen Hume (CAB); Hilary Cox (ENE); Tim Christie (ENERGY); Daniel Cayley (ENERGY); John Psinas
Subject:	Provincial Protection and Process Agreements, Review | OFA, Energy, Legal Counsel, Blakes

Please note, Gadi can only join from 9:30-10:00am.

Please call Hresa at 5-8002 upon arrival to gain access to the 14th floor of 1 Dundas.

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

From:	Anna Strathy
To:	ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Gadi Mayman; Malle Hanslep (MOF); Hresa Gavaris
Subject:	Provincial Protection and Process Agreements, Review | OFA, Energy, Legal Counsel, Blakes
Start:	Thursday, December 07, 2017 2:00:00 PM
End:	Thursday, December 07, 2017 3:00:00 PM
Location:	Executive Boardroom, 14 Floor, 1 Dundas OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Please call Hresa at 5-8002 upon arrival to gain access to the 14th floor of 1 Dundas.

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

From:	Strang, James (TBS)
To:	Anthony Reiss (MGS); Pratima Gounden (ENERGY)
Cc:	Veinot, Cindy (TBS); Hosick, Sarah (TBS); Anna Strathy; Ronald Kwan; Afshin Malekzadeh (MOHLTC); Chris Skubel (MGS); Indira Komal (MCSCS); Lenna Wichenko (MCSCS); Paul Kaufman (MOHLTC); Nick Smook (MOF)
Subject:	Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Tuesday, September 19, 2017 9:36:05 AM
Attachments:	4 RAN MOF ENERGY - Change of Law Protecition Agreement v4.doc 1b Draft TB20 Submission_Provincial Protection Agreement_V8_clean.pdf

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Hi,

Attached is a draft TB/MBC note based on draft submission version 8 (also attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.

Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

- Draft sub takes about a Change of Law Protection Agreement and identifies three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify.
    - Regarding the third trigger, is this in or out? If in, is there any consideration being given to the Province to narrow the very broad scope?
- What are derivative agreements? Payments under derivative agreements?
- Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market?
- Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does the requested minute cover off s28 FAA?

Thanks in advance,

James Strang
416-327-2071

	TREASURY BOARD / MANAGEMENT BOARD OF CABINET REQUEST ASSESSMENT NOTE	
	Ministry:	Energy & Finance
	Meeting Date:	September 26, 2017
	Agenda Class:	Discussion (In-Camera)
	Last reviewed by: ENERGY TB/MBC May 9, 2017	**Tracking to:** Fast Track Cabinet (September 27, 2017)

SUBMISSION TITLE:	Change of Law Protection Agreement (Supports Ontario Fair Hydro Plan implementation)

I. DECISION BEFORE THE BOARD

Approve the Ministries plan for implementing provisions within the *Ontario Fair Hydro Plan Act, 2017* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc.

II. RECOMMENDATIONS

Approve the plan for implementing provisions of the *Ontario Fair Hydro Plan Act, 2017* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc. – Under certain circumstances, the Province would pay when due amounts in respect of the obligations of the Financing Entity (Established by OPG)	*Approve*
Authorize that the Minister of Finance and Minister of Energy to provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017.* – In respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two Ministers acting together may determine	*Authorize*
Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province, – to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and – to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.	*Recommend*

III. FINANCIAL SUMMARY

$ Millions	**2017-18**	**2018-19**	**2019-20**
Initiative cost requested	0.0	0.0	0.0
Initiative cost recommended	0.0	0.0	0.0
Recommended program base	0.0	0.0	0.0

Offset Recommended	0.0	0.0	0.0
Total Fiscal Impact	0.0	0.0	0.0

IV. KEY COMMENTS AND CONSIDERATIONS

Under the *Ontario Fair Hydro Plan Act, 2017*, (OFHPA), which enables Global Adjustments (GA) Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset".

The OFHPA provides for the IESO to sell all or a portion of the Regulatory Asset (i.e., to sell the right to recover those deferred amounts from specified consumers in the future). Under the OFHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the OFHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly the Province) from the capital markets

OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

- Providing this, in a May 2017 TB/MBC item reviewing proposed Ontario Fair Hydro Plan legislation, through Province assurance and guarantee provisions, was recommended.

What would trigger the protection agreement?

Ontario Financing Authority (OFA), the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances (Appendix C provides the non-binding term sheet):

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the OFHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or unenforceable; and
- [Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations.
  - *Note: this third protection event is not included in the current draft of the term sheet agreed to by Ministry of Finance staff; however, OPG is expected to continue to negotiate for its inclusion. It has been included in the TB submission, but may be removed once negotiations are complete, prior to TB/MBC consideration of this item on September 26, 2017.*]

….the third bullet isn't change of Law related?…

Financial:

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of the OFHP and peak at an estimated $24B to $26B of debt (final cost forecasts TBC), including principal and accumulated interest.

- In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

Financial (Risk) – In the event the protection agreement is triggered:

The Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers. This would likely have implications for the Province's fiscal plan and appropriation requirements.

- The Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement.
- In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged. In addition, the Province would also have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The Ministries indicate that if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (Interest On Debt (IOD) expense) will depend on whether or not some portions of the OFHPA continue in some form, or not.

- For example if the If the payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used.
- Debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

Name of analyst:	James Strang	**Phone number:**	416-325-2071
Date:	September 18, 2017	**Log number:**	
Branch / Division:	GGPR / PEMD / Treasury Board Secretariat		

APPENDIX A: PROPOSED MINUTE (UNDER DEVELOPMENT)

Approve the Ministries plan for implementing provisions of the *Ontario Fair Hydro Plan Act, 2017* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc. In particular, that under certain circumstances the Province would pay when due amounts in respect of the obligations of the Financing Entity (Established by OPG).

In this regard,

i) Authorize that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out non-binding term sheet – Provincial Protection and Assurances Indicative Term Sheet including in the TB/MBC Submission, (… minuting an attachment?…or include key parameters in minute only, given request for the subject to revisions provision…) and subject to such revisions that the two ministers acting together may determine;

ii) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the Ontario Fair Hydro Act, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   a) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
   b) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

APPENDIX B: FINANCIAL TABLES

FINANCIAL IMPACTS: CHANGES TO EXPENSE AND REVENUE					TABLE B1
		Fiscal Plan Basis			*Appropriations Basis*
$ Millions		**2017-18**	**2018-19**	**2019-20**	**2017-18**
Initiative cost recommended					
Expense changes:					
	Oper				
Expense Offset:					
	Oper				
	Oper				
Total Fiscal Impact		0.0000	0.0000	0.0000	**0.0000**

APPENDIX C: EXCERPT FROM *ONTARIO FAIR HYDRO PLAN ACT, 2017*

Protection and assurances

Prohibition

5 (1) No action or omission by the Board, the Minister or the Crown shall be effective to reduce, impair, postpone or terminate the obligations of specified consumers to pay amounts in respect of the clean energy adjustment or to impair or postpone the invoicing, collection or remittance of the clean energy adjustment.

Agreements

(2) The Minister and the Minister of Finance may together, with the approval of the Lieutenant Governor in Council, enter into agreements on behalf of the Province of Ontario with any person in respect of this Act, including agreements regarding the performance of the IESO or electricity vendors under this Act or related transactions.

Guarantee, indemnification

(3) The Lieutenant Governor in Council may by order,

(a) authorize the Minister and the Minister of Finance, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity;

(b) specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance; and

(c) specify a maximum liability for the guarantee or indemnity.

APPENDIX D: NON-BINDING TERM SHEET

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the General Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council

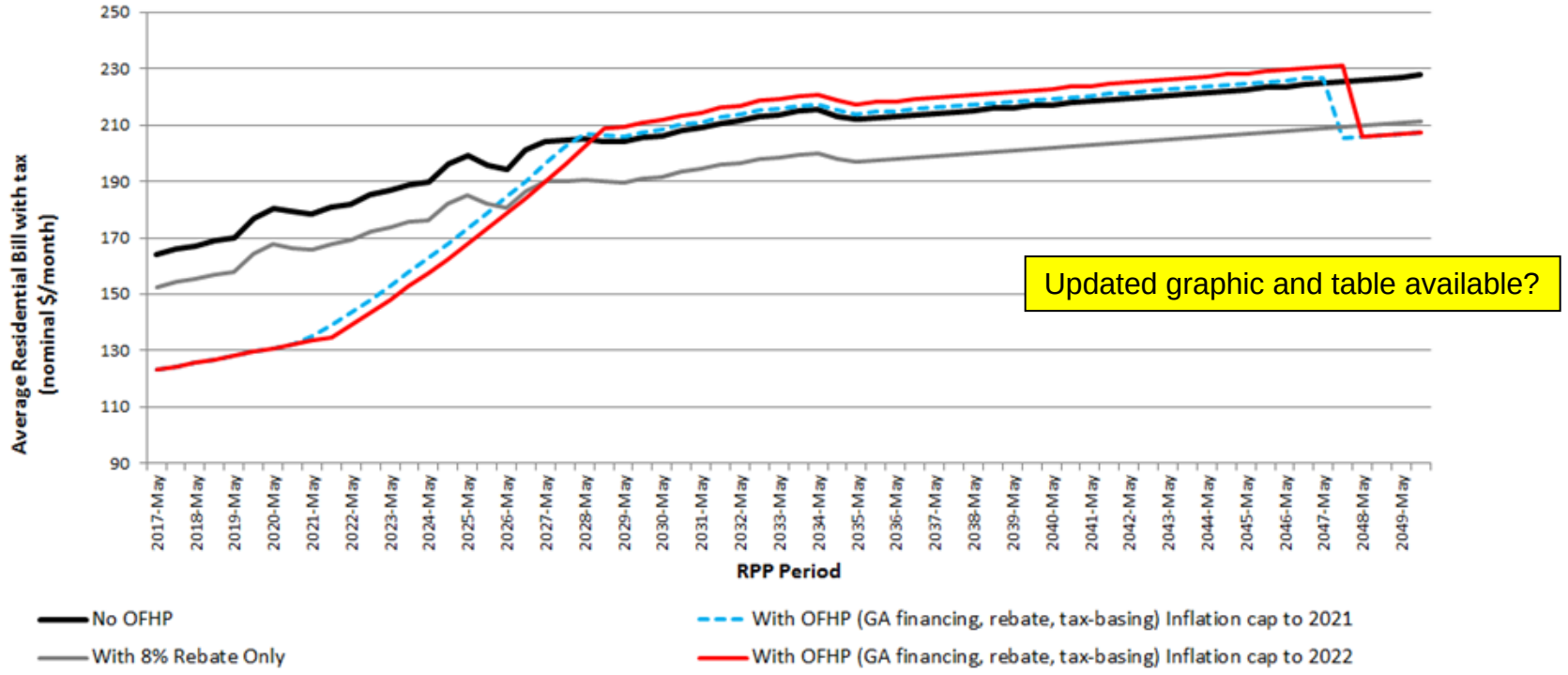
	makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*), in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act or the Regulation is *ultra vires* in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent.

Optional Replacement:	At any time following the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable, the Obligor shall be entitled (but not obligated) to replace the Financing Entity as obligor and debtor and directly assume all of the Financing Entity's outstanding obligations and liabilities. The Financing Entity (including through the Financial Services Manager) will ensure that any obligation and liabilities undertaken or assumed by it will by their terms permit such a replacement and assumption (or, if applicable, satisfaction and termination) by the Obligor without additional cost or penalty and without any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The Change of Law Protection Agreement will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Protection Agreement applies to such Specified Claim. The Change of Law Protection Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Protection Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims. The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.

Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

APPENDIX E: PROFILE GLOBAL ADJUSTMENT SMOOTHING FOR RPP – ELIGIBLE ONLY – MAY 2017 TB/MBC SUBMISSION

The following graphic and table shows the multi-year profile of the planned approach to GA Smoothing that was included with the May 2017 TB/MBC Submission. The table below supports the Ministries assessment that the potential contingent liability under the protection agreement over the duration of the OFHP would peak at an estimated $24M to $26B (subject to final cost forecasts TBC), including principal and interest.



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Average monthly bill with OFHP ($/month)	124	126	129	131	137	146	155	165	176	187	199	207	207	209	212	214	216	216	214	215	216	217	219	220	221	222	223	224	225	226	216	206
Year-over-year change (%)	n/a	2.01	2.01	2.01	4.25	6.44	6.44	6.44	6.44	6.44	6.44	3.61	0.08	1.20	1.29	1.14	0.93	-0.04	-0.88	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	-4.37	-4.61
Impact of GA financing and tax-basing ($/month)	-29.9	-30.0	-35.0	-34.4	-28.8	-24.0	-17.8	-14.2	-3.3	3.4	12.2	16.4	16.5	16.7	16.9	17.1	17.2	17.1	17.0	17.1	17.2	17.3	17.4	17.5	17.6	17.6	17.7	17.8	17.9	18.0	-3.9	-4.0
Total accumulated debt ($B)	2.5	5.2	8.2	11.6	14.7	17.5	19.9	22.0	23.5	24.1	24.2	23.7	23.1	22.5	21.8	21.0	20.1	19.2	18.3	17.2	16.1	14.9	13.7	12.3	10.9	9.3	7.7	5.9	4.1	2.1	0.0	0.0
Total change in accumulated debt ($B)	2.5	2.6	3.0	3.5	3.1	2.8	2.4	2.0	1.6	0.6	0.1	-0.5	-0.6	-0.6	-0.7	-0.8	-0.8	-0.9	-1.0	-1.0	-1.1	-1.2	-1.3	-1.4	-1.4	-1.5	-1.6	-1.7	-1.9	-2.0	-2.1	0.0

Notes: Assumes 30 year financing period and a nominal interest rate of 5% (compounded monthly). Ratepayer GA payments increase annually beyond 2020 such that the average monthly residential electricity bill increases by 6.3% per year to a maximum of $2.2 billion above the true cost of GA in any given year to cap repayment charges at around 10% of total bill. IESO forecast is based on IESO's revised OPO forecast as of February 2017. Includes the cancellation of LRP II and EFW, expansion of ICI. Does not include smoothed OPG rates. Above residential bill is based on a 750 kWh per month Toronto Hydro customer. Data shown above is by RPP period. Assumes RPP prices are adjusted in July 2021 instead of May 2021 to coincide with the end of the inflation cap. Fair allocation amounts subject to third party review.

APPENDIX F: OVERVIEW OF RISKS

Prepared by TBS staff, the following chart, as part of the May 2017 OFHP implementation update focused on the proposed legislation. It provides an overview of strategic (versus operational) risks to inform the approval/decision making process regarding the proposed legislation. Each part, GA Partial Refinancing & Electricity social programs, is a separate table.

The current submission, Change of Law Protection Agreement, is reflected under the risk "Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding" (page 16) as part of risk mitigating strategy.

Global Adjustment Partial Refinancing:

Objective: Provide immediate ratepayer relief by capping rate increases at Consumer Price Index (CPI) for four years and refinancing GA costs over a longer period of time. Develop and implement a financing structure that increases provincial borrowing, but has no impact on annual provincial surplus/deficit.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA smoothing being allocated to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there could be a negative impact on the province's fiscal plan up to $2.5B in 2017-18 and rising. • Rating agencies and investors in the Province's debt may view all of the borrowing as an obligation of the Province, especially taking into account the nature of provincial guarantees, which could put pressure on the Province's credit rating and overall borrowing capacity. • Proposed structure may result in a negative response from Ontario Auditor General (OAG) due to previous concerns regarding recognition of rate regulated assets and liabilities. The AG has already expressed concerns regarding the accounting treatment on the IESO's books which could lead to a qualification of the Province's consolidated financial statements. • Initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to justify structure of financial model and be utilized in discussions with the OAG. • Identify potential options to minimize the balance of rate regulated assets remaining on the IESO's books at fiscal year-end.

Risk	Level of Risk	Risk Response
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.
A legal determination that the Province is spreading the costs of GA financing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Medium **Risk Impact:** High **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and close monitoring of costs and changes in variables built into model. • Analyze the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Financing the costs of GA smoothing through OPG SPV/Trust and the volatility of interest rates may increase the cost of GA smoothing and/or require additional provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Moderate **Time Scale:** 12 to 24 months **Rationale** • The proposed structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on interest rate for borrowing, the amount of equity/funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the government to offset a part of the scheduled increases. • Risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's ratings and cost of borrowing.	Risk can be avoided by: • Province providing a potential guarantee for the cost of borrowing – however, would redirect risk back to the Province and negate benefits of proposed financing structure. Risk can be mitigated by: • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost. • Proposed legislation to enable GA refinancing has been draft with input from third-party financers. Provides a 'narrow' provincial guarantee and ensuring that debt holders have the right of action against a future government to recover the amount outstanding including interest, fees, expenses and any damages.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA Refinancing having a fiscal impact to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there would be a negative impact on the province's fiscal plan of up to $2.5B in 2017-18 and rising. • Rating agencies and investors in Province's debt may view all of the borrowing as an obligation of the Province, which could put pressure on the Province's credit rating and overall borrowing capacity. • The proposed structure may result in an opinion from the Ontario Auditor General (OAG) considering previous concerns regarding recognition of rate regulated assets and liabilities. The OAG may take this into account when the provincial books are audited. • An initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards. Additional analysis is still required.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to support discussions of the financial model with the OAG.
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.

Risk	Level of Risk	Risk Response
A legal determination that the Province is spreading the costs of GA refinancing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and ongoing monitoring of costs and changes in variables built into model. • Analysis of the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** 12 to 24 months **Rationale** • The proposed borrowing structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on the interest rate for borrowing, the amount of equity / funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • There is a risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's own ratings and cost of borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B (in the March 1, 2017 Cabinet Submission) is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the province to offset a part of the scheduled increases. • Fiscal impacts will be subject to fluctuations in Ontario electricity demand, GA and interests rates in the medium-to long term. As well as if a protection agreement is called upon: o OPG, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.	Risk can be mitigated by: • Providing a "provincial guarantee" for the cost of borrowing. • Drafting legislation to provide assurance to OPG and investors regarding the permanence of the GA refinancing framework and the authority of the legislation to pass the legislation; and enable the Province to guarantee borrowing of the trust in the event of a market disruption. • Specifics of a guarantee are dependent on the negotiation of agreements not yet initiated. Limiting triggers of a protection agreement to legislative (regulatory) changes and/or judicial decisions etc. • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost.

Electricity social programs (Enhancing Electricity Support & Conservation Programs):

Objective: Shift funding of existing and new electricity support programs (RRRP, OESP, Affordability Fund, First Nations Credit) from rate to tax base.

Risk	Level of Risk	Risk Response
Uncertainty in forecasting due to exposure to changes and/or volatility (i.e. interest rates, electricity usage patterns, and distribution costs) may result in higher than anticipated fiscal impacts for the Province.	**Risk Likelihood:** Possible **Risk Impact:** Major **Timescale:** 12 to 24 months **Rationale:** • The energy sector is complex and a number of key assumptions used as inputs into forecasting model are variables/forecasts themselves, resulting in a high inherent risk that cost estimates are inaccurate. • Fiscal projection is highly dependent on factors which can fluctuate from year to year, including: o electricity usage; o distributions costs; and o consumer consumption patterns that may change due to extreme weather or other factors. • Fiscal projection is subject to knowledge of future distribution costs and dependent on submission of cost of service applications by Hydro One and LDCs. o Enhanced RRRP may create disincentives from the eligible LDCs towards productivity and performance improvements and/or cause ineligible LDC's to drive up distribution costs to gain access to program.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the forecasting models.

CHANGE OF LAW PROTECTION AGREEMENT

1. PROGRAM/BRANCH: Ontario Financing Authority

2. SUMMARY OF REQUEST:

Provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by one or more financing entities established by Ontario Power Generation Inc. pursuant to s. 22 of the *Ontario Fair Hydro Plan Act, 2017* ("OPG Financing Entities"), that, under certain circumstances as set out in the proposed arrangements the Province would pay when due amounts in respect of the obligations of the Financing Entity.

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) Authorize that the Minister of Finance and Minister of Energy, on behalf of Ontario, provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend to Cabinet an Order in Council, to be made under subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

DRAFT

3. BACKGROUND:

On March 2, 2017, the government announced its proposed Ontario's Fair Hydro Plan (OFHP) to lower electricity bills by 25%, on average, for a typical residential consumer, and holding increases to the rate of inflation for four years. As part of OFHP, it was announced that a portion of the Global Adjustment (GA) would be refinanced in order to fairly allocate costs across present and future generations of electricity consumers with respect to investments made to decarbonize (i.e., phase-out coal) and modernize Ontario's electricity system (i.e., build and maintain a reliable electricity system). This would be achieved by spreading the cost of electricity investments so that they are shared proportionately by future consumers who cause a need for, or benefit from, the province's multi-billion dollar investments in electricity infrastructure.

To this end, immediate rate relief to eligible ratepayers is provided by deferring and spreading the cost recovery of electricity investments over a longer period of time. Under forecasts provided by the Ministry of Energy at the time of the OFHP announcement in March, the immediate reduction would be about $2.5 billion per year on average over the first ten years. The Ministry of Energy will report back to TB/MBC in fall 2017-18 with an update on out-year projections following analysis on rate applications before the Ontario Energy Board.

Under the *Ontario Fair Hydro Plan Act, 2017,* (the "OFHPA"), which enables GA Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected over four years. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset". The OFHPA provides for the IESO to sell all or a portion of the regulatory asset; i.e., the right to recover those deferred amounts from specified consumers in the future. Under the OFHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the OFHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly, the Province) from the capital markets; however, OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the OFHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations;
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or unenforceable; and
- [Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations. *Note: this third protection event is not included in the current draft of the term sheet agreed to by Ministry of Finance staff; however, OPG is expected to continue to negotiate for its inclusion. It has been included in the TB submission, but may be removed once negotiations are complete, prior to TB/MBC consideration of this item on September 26, 2017*.]

In the event the protection agreement is triggered, the Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers.

In addition, the Province would also have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged.

Section 28 of the *Financial Administration Act (FAA), 1990* requires that the Minister of Finance's approval is obtained before a ministry seeks an Order in Council (OIC) to enter into a guarantee or indemnity that would increase the contingent liabilities of Ontario. In this case, the Minister of Finance, together with the Minister of Energy, is recommending the OIC to Cabinet and will, acting together with the Minister of Energy, determine the terms and conditions of and execute the proposed guarantee/indemnity in accordance with the OIC, if approved.

5. ADMINISTRATIVE IMPACTS:

To be managed by existing staff.

6. RISKS:

If the protection agreement is not approved, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from IESO or the cost of the financing will be potentially materially greater than it otherwise would be.

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of the OFHP and peak at an estimated $24B to $26B of debt (final cost forecasts TBC), including principal and accumulated interest.

In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time. The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

While it is difficult to estimate the actual impact to the Province's interest on debt (IOD) expense, the worst case scenario would be the Province assuming the debt at its peak. If so, IOD expense may increase between $0.8B and $1.3B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.

It is important to note that, if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (IOD expense) will depend on whether or not some portions of the OFHPA continue in some form, or not. If the payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used. Also, debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

7. COMMUNICATION PLAN

Key Messages

- Ontario's Fair Hydro Plan has resulted in the biggest electricity rate reduction in Ontario's history.
- We have heard from Ontarians across the province that the price of electricity has risen too quickly, which is why we moved forward with a plan to ensure the costs are shared more evenly over the years ahead.
- The government is following through on its commitment to balance the books as announced in its 2017 Budget, while continuing to make investments in priority areas such as electricity price relief.

Strategic Approach

- Low-profile, reactive and targeted to industry stakeholders and government employees as necessary. Reactive messaging contingent upon legislative changes only with back-pocket QAs to support as needed.
- Communications support will continue to be led by the Ministry of Energy.

8. RECOMMENDATION

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) Authorize that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the Ontario Fair Hydro Act, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the General Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council

	makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*), in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act or the Regulation is *ultra vires* in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent.

Optional Replacement:	At any time following the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable, the Obligor shall be entitled (but not obligated) to replace the Financing Entity as obligor and debtor and directly assume all of the Financing Entity's outstanding obligations and liabilities. The Financing Entity (including through the Financial Services Manager) will ensure that any obligation and liabilities undertaken or assumed by it will by their terms permit such a replacement and assumption (or, if applicable, satisfaction and termination) by the Obligor without additional cost or penalty and without any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The Change of Law Protection Agreement will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Protection Agreement applies to such Specified Claim. The Change of Law Protection Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Protection Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims. The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.

Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

From:	Anis Hirani
To:	Mike Manning; HAHN PARKER Janet -TREASURY; LEE John -TREASURY; Ronald Kwan; RYFA Ken -TREASURY; Ken Kandeepan; Anna Strathy; WONG Leslie -LAWDIV; John Kim
Cc:	Martine Bell; Angie Georgakakos; Rasika Yatawara; Eden Amare
Subject:	Provincial Support Agreement - OPG

Attendees

OFA

Mike Manning
Ken Kandeepan
Ron Kwan
Anna Strathy
John Kim

OPG

John Lee
Ken Ryfa
Les Wong

Contact: Anis Hirani (16) 325-5890

From:	Anis Hirani
To:	Mike Manning; "HAHN PARKER Janet -TREASURY"; "LEE John -TREASURY"; RYFA Ken -TREASURY; Ken Kandeepan; Anna Strathy; WONG Leslie -LAWDIV; John Kim; Ronald Kwan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Cc:	Martine Bell; Angie Georgakakos; Rasika Yatawara; Eden Amare
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Please note change of Boardroom.

Attendees

OFA

Mike Manning
Ken Kandeepan
Ron Kwan
Anna Strathy
John Kim

Legal

Malle Hanslep
Tobias P. Whitfield

OPG

John Lee
Ken Ryfa
Les Wong

Contact: Anis Hirani (16) 325-5890

From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Cc:	Malle Hanslep (MOF); Gadi Mayman; Anna Strathy
Subject:	RE:
Date:	Thursday, December 07, 2017 12:05:27 PM

Hi all,

These are really just my notes as I went through the agreement mark-up. Hopefully we can have a call at about 2 pm to go through the mark-up.

Thanks.

Comments on Process Agreement. Some of these questions relate to the closing logistics.

1. What date will the agreement be "dated as of"?

2. P. 1, fifth recital – Agree with changes to reference the final form of the Transaction Documents as described in Exhibit "A". Regarding mechanics – to whom will OPG send the final forms and when and who will confirm to OPG on behalf of the Province that such Transaction Documents will constitute Reference Documentation? Is it necessary to include the phrase "and the Province has not objected to such forms" since the Province is not actually given a contractual right to object to the forms?

3. P. 1 6th recital – When is it expected that OPG will deliver the Financing Plan to the Minister of Energy as required under the statute? i.e. the final version of the financing plan. Will it be done by the time the Ministers are to be briefed on and requested to sign the Protection and Process Agreements. Is the Minister of Energy going to be acknowledging receipt of the Financing Plan? We understand that the Initial Forecast will be included in the Financing Plan? Is it a single dollar amount? And the Initial Protection Agreement Maximum will be the same dollar amount?

4. 2.01(b) and 2.02(a) and 3.05(a) – New definition of Material Effect inserted to cover

5. 2.02(a)(D) – think Province agrees to delete (D) since assumption election has been deleted.

6. 2.02(c) and (d) – think Province is agreeable to this too.

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8. 3.01(a) – think an estimate is fine.

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10. 4.01(b) – Agree with deletion here because purpose is not to disagree based on inaccuracies in the Financing Plan but only with respect to the Forecast (which is

contained in the Financing Plan)

11. 6.01 – Amendments to Breach Events to specifically reference in obligations related to “material effect” amendments

12. Footnote 3 - Agree that reference documentation related to term deal should be deleted now as there will not be time to finalize now.

From:	Anna Strathy
To:	Malle Hanslep (MOF); Gadi Mayman; Mike Manning; Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Ken Kandeepan; Ronald Kwan
Subject:	RE:
Date:	Tuesday, November 21, 2017 4:05:02 PM

Hi Malle, the conference ID isn't working for me.

Anna

-----Original Appointment-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 3:46 PM
To: Hanslep, Malle (MOF); Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Ken Kandeepan; Ronald Kwan
Subject:
When: Tuesday, November 21, 2017 4:00 PM-5:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: 416-212-8012 PC 58012074 Passcode 1686#

From: Ronald Kwan
To: Angie Georgakakos; Usman Zahid
Subject: RE:
Date: Friday, November 17, 2017 1:52:01 PM

Hi Angie,

Anna got a number from Blakes.

Ron

From: Angie Georgakakos
Sent: November-17-17 13:09
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE:

Sorry I missed this Ron.

From: Ronald Kwan
Sent: Friday, November 17, 2017 12:15 PM
To: Angie Georgakakos <Angie.Georgakakos@ofina.on.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: FW:

Hi Angie, Usman,

See the request from Anna.

Ron

From: Anna Strathy
Sent: November-17-17 12:15
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject:

Ron, Ken, do either of you have a teleconference line we can use at 12:30?

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

From:	Anna Strathy
To:	Malle Hanslep (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Cc:	Malle Hanslep (MOF); Gadi Mayman
Subject:	RE:
Date:	Thursday, December 07, 2017 12:37:52 PM

Happy to set up the call for 2pm. Invite to follow.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, December 07, 2017 12:05 PM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE:

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From:	John Kim
To:	Carlos Yep; Ronald Kwan; Ken Kandeepan
Cc:	Mike Manning; James Devine; John Psinas
Subject:	RE: 2017 09 29 OFHP Business Issues v01.pptx
Date:	Tuesday, October 03, 2017 12:59:39 PM

Hi Carlos,

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

John

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

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

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

Regards
Carlos

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

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

Ron

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

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

Thanks

Ken k

From:	Carlos Yep
To:	Ronald Kwan; Ken Kandeepan; John Kim
Cc:	Mike Manning; James Devine; John Psinas
Subject:	RE: 2017 09 29 OFHP Business Issues v01.pptx
Date:	Tuesday, October 03, 2017 10:49:37 AM
Attachments:	2017 09 29 OFHP Business Issues v02cy_Markup.pptx

John

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

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

Carlos

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

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

Ron

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

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

Thanks

Ken k

OFHP Business Issues

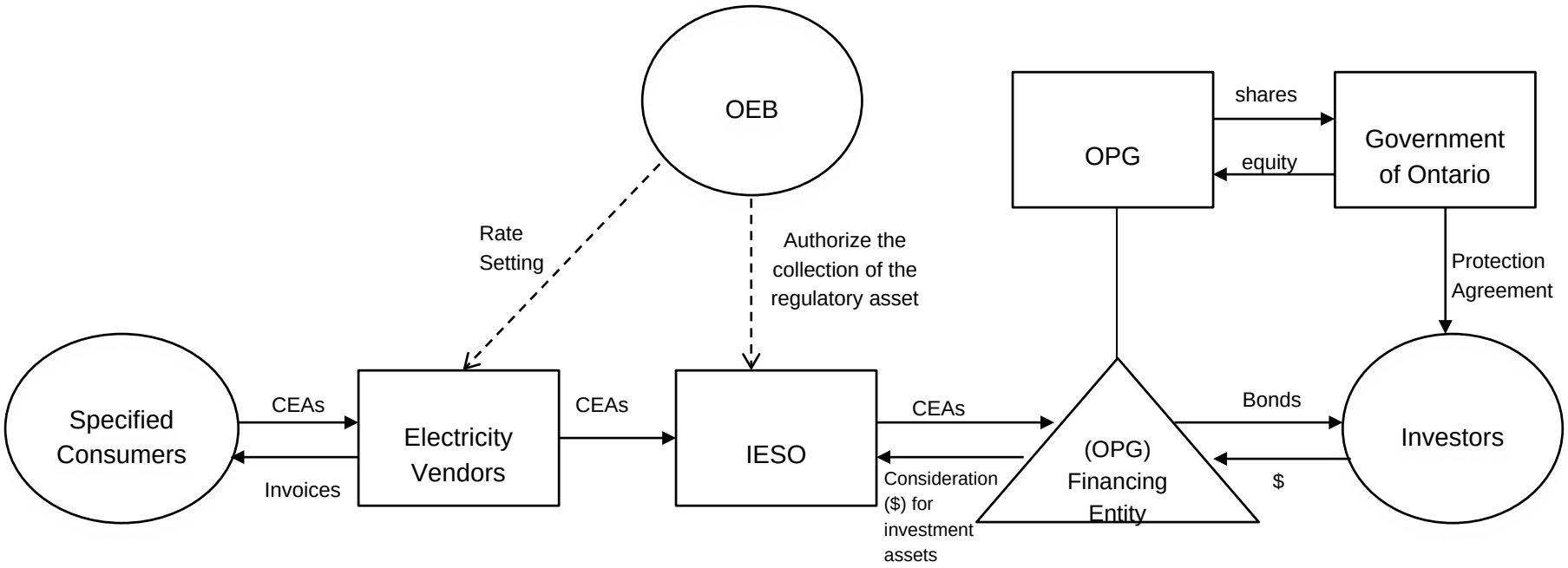
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

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

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provincial Protection and Assurances Agreement

Overview:

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

Provincial Protection and Assurances Agreement (Con't)

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

Next Steps:

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

Fair Allocation Amount

Overview:

- xx

Next Steps:

- xx

Management Fees Regulation

Overview:

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

Next Steps:

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

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- xx

Equity Injections

Overview:

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

Next Steps:

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

Subordinated Debt Agreement

Overview:

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

Next Steps:

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

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust)
- The Trust would be subject to tax under the Income Tax Act (Canada) and the Ontario Taxation Act, 2007
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From:	Ronald Kwan
To:	Ken Kandeepan; John Kim
Cc:	Mike Manning; James Devine; Carlos Yep; John Psinas
Subject:	RE: 2017 09 29 OFHP Business Issues v01.pptx
Date:	Monday, October 02, 2017 7:30:25 AM
Attachments:	2017 09 29 OFHP Business Issues v01_Markup.pptx

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

Ron

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

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

Thanks

Ken k

OFHP Business Issues

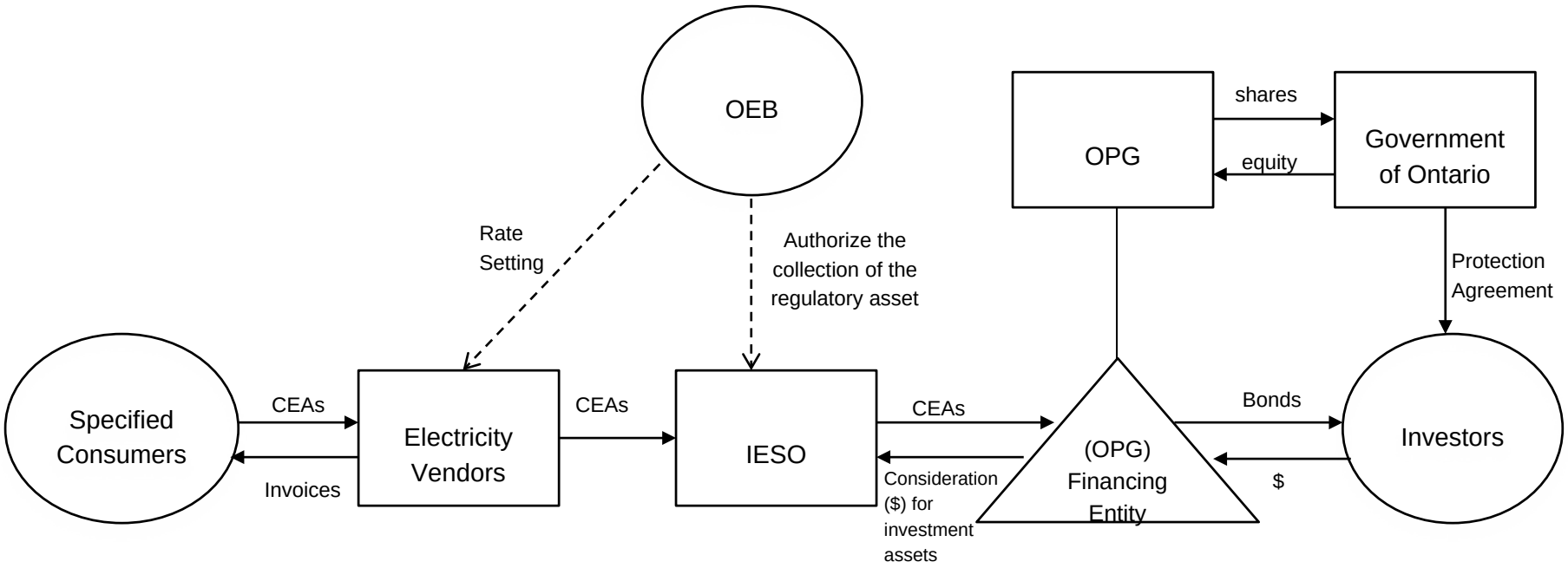
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

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

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

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Overview:

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From: Ronald Kwan
To: John Kim
Cc: Gavin He
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx
Date: Tuesday, October 03, 2017 2:55:56 PM

Thanks John.

Ron

From: John Kim
Sent: October-03-17 13:02
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: 2017 09 29 OFHP Business Issues v01.pptx

Hi Ron,

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

Thanks,

John

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

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

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

Regards
Carlos

From: Ronald Kwan
Sent: Monday, October 02, 2017 1:18 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
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Pls see my comments, Carlos/Jim you may also want to add to mine.

Thanks

Ken k

From: Ronald Kwan
To: John Kim
Subject: RE: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx
Date: Tuesday, November 28, 2017 4:05:13 PM

Hi John,

It was led by the CEO's office, as Anna worked on the TB submission, etc. MOF Legal drafted the s.28 approval for the OIC. I had forgotten the details, as there is also a separate s.28 on the agreements too (I was thinking the s.28 at the time might have encompassed the whole package), as cited in the TB materials at that time.

Ron

From: John Kim
Sent: November-28-17 13:39
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: Re: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

Hi Ron,

I didn't think we were involved in the obtaining of the OIC?

John

Sent from my iPhone

On Nov 28, 2017, at 1:24 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi John,
>
> Where did we leave the s.28 conversation when the OIC was obtained?
>
> Ron
>
> ---
>
> **From:** John Kim
> **Sent:** November-28-17 13:18
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** Re: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx
>
> Hi Ron,
>
> To require a s.28 approval while an OIC exists to authorize the Ministers to sign the agreements seems a bit redundant to me but this is coming from MOF Legal???
>
> John

Sent from my iPad

On Nov 28, 2017, at 12:47 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi John,
>
> Comments? Note the s.28 point.
>
> Ron
>
> ---
>
> **From:** Anna Strathy
> **Sent:** November-28-17 11:57
> **To:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** RE: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx
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> Gadi, I hope you don't mind, but I went ahead and sent to OPCD/Energy in the interest of time. We still have an opportunity to remove the accounting/risk slides if you think it necessary.
>
> By way of this email, I'd like to also ask Ken, Mike and Ron to review the attached and let me know if they have any edits/comments. The red text is Malle's edits.
>
> Thanks, Anna
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>
> **From:** Anna Strathy
> **Sent:** Tuesday, November 28, 2017 11:33 AM
> **To:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
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  - I'd like to recommend Energy provide additional input on the risks slide (10) to incorporate risks both the Province's and OPG's perspectives – rather than removing it altogether.

If you're ok with my recommendations above, I'll proceed.

Anna

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 28, 2017 11:28 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

Hi Anna,

I made a few small changes to this in red. I think you could circulate this version to others at OFA. I would suggest deleting the last 2 pages Accounting and Risks subject to views of OFA and others. Certainly Accounting page is dependent on OPCD and whether we are including anything in this briefing so suggest delete. Risks page also doesn't seem appropriate for a briefing where OPG attends. However, maybe part of this page could be retained but this is subject to Gadi's and others views.

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<23254960-v4-Province Limited Guarantee - Briefing Deck.pptx>

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To: Gadi Mayman
Cc: Ken Kandeepan; Mike Manning; Ronald Kwan
Subject: RE: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx
Date: Tuesday, November 28, 2017 11:56:48 AM
Attachments: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

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Sent: Tuesday, November 28, 2017 11:33 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

Hi Gadi,

Attached is a draft deck prepared by Blakes/MOF legal to be used at the Ministers' briefing tomorrow at noon. I'm about to send this around to OPCD and Energy for input, but Malle has raised two points:

- Consider deleting the accounting considerations slide?
  - I'd like to recommend leaving the inclusion/exclusion to OPCD to decide
- Consider deleting the risks slide since OPG will be in the room
  - I'd like to recommend Energy provide additional input on the risks slide (10) to incorporate risks both the Province's and OPG's perspectives – rather than removing it altogether.

If you're ok with my recommendations above, I'll proceed.

Anna

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 28, 2017 11:28 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

Hi Anna,

I made a few small changes to this in red. I think you could circulate this version to others at OFA. I would suggest deleting the last 2 pages Accounting and Risks subject to views of OFA and others. Certainly Accounting page is dependent on OPCD and whether we are including anything in this briefing so suggest delete. Risks page also doesn't seem appropriate for a briefing where OPG attends. However, maybe part of this page could be retained but this is subject to Gadi's and others views.

Should we discuss at some point?

I am going to send this version to Alena (Energy Legal) and Blakes as well to show them what changes have been made but think Energy and OFA should discuss inclusion of Accounting and Risks.

Thanks.

Malle

Ontario Fair Hydro Plan

Limited Guarantee from the Province

[Date]Appropriate cover page to be inserted

Context – should be reviewed and updated as required

- Ontario Fair Hydro Plan Act ("**Act**") permits debt financings through one or more [special purpose] financing entities, to be managed by OPG
  - Proceeds of financings are used to acquire portions of the Fair Hydro regulatory asset ("**Investment Interests**") from IESO
  - Amounts owing will be serviced from "clean energy adjustments" ("**CEAs**") collected from "specified consumers"
- Hydro Trust [will be] established to facilitate the first financing transactions
  - Some combination of short-term "warehouse financings" and long-term notes will be issued
  - OPG, funded by the Province, will acquire subordinated debt issued by Hydro Trust
  - Proceeds raised before December 31st are expected to be $•M ($•M from external investors)
  - Future issuances will follow the same pattern (51% external/senior; 49% OPG/subordinated)
- Payment obligations will be owed to noteholders, lenders, credit enhancers, derivative counterparties, service providers, etc.
  - Payment obligations will be governed under a Trust Indenture
  - Hydro Trust payment obligations under the Trust Indenture are "Obligations Secured"
- Limited Guarantee from the Province of obligations payable by Hydro Trust when due
  - Province pays only upon a "Protection Event"
  - Limited Guarantee applies to almost all Obligations Secured
  - Certain "**Adherence Conditions**" to be satisfied before Limited Guarantee willy apply to material obligations
- Two relevant agreements:
  i. Change of Law Protection Agreement ("**Protection Agreement**")
  ii. Change of Law Process Agreement ("**Process Agreement**")

Limited Guarantee from the Province

- Triggered by a "**Protection Event**": Either:
  - There is a change of law (by the Legislature, LGIC, Ministers, government officials, government appointed boards, etc.) or implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or and entity controlled by the Province that materially and adversely affects either (1) the ability of Hydro Trust to receive CEA cash flows or (2) the Protection Agreement or any Obligation Secured
  - A court of competent jurisdiction determines that any part of the OFHPA or the related regulations are *ultra vires* or invalid in a way that materially and adversely affects the ability of Hydro Trust to receive CEA cash flows and that in fact results in a deficiency such that Hydro Trust cannot pay Obligations Secured when they become due

- **Not covered by the Limited Guarantee:**
  - Amounts required to be deposited into collateral or reserve accounts established under the Hydro Trust program to credit enhance or provide liquidity for ultimate payment of Obligations Secured
  - Certain residual payments to OPG under the "payment waterfall"

- **Term:** Until all applicable Obligations Secured are paid in full

Adherence Conditions

- Certain minimal conditions will apply before the Limited Guarantee will attach to applicable Obligations Secured:
  - **Incurrence of indebtedness to fund ownership of an Investment Interest**
  - **Entry into ISDA master agreements**
  - **Entry into service contracts with term > 3 years and aggregate payments >$5M that are not terminable on giving 3 years notice or less**

- Those conditions are:
  - Must be an Obligation Secured under the Trust Indenture
  - Delivery of officer's certificate by OPG to Indenture Trustee confirming compliance with internal processes as between OPG and the Province in connection the Limited Guarantee (under the Process Agreement)
  - Province has not delivered a "Suspension Notice"

Process between Province and OPG

- Process Agreement between Province and OPG
  - Sets out informational requirements and supporting affirmations regarding incurrence or amendment of Obligations Secured
  - Contemplates some (limited) rights of Province to comment on disclosure and terms of Obligations Secured
  - Provides for OPG executive officer affirmation regarding certain matters (in a "**Process Certificate**")

- Delivery of Process Certificate by OPG executive officers to the Province setting out:
  - Material terms of obligations (incurrence or amendment)
  - Confirmation that terms are "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that the offering document is "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that no breach of the Process Agreement has occurred
  - Confirmation that the maximum payment amounts due in the future under the obligation plus other outstanding amounts will not exceed the "**Protection Agreement Maximum**"
  - Confirmation that any disclosure referring to the Protection Agreement or Process Agreement was made available to the Province
  - Confirmation as to reasonableness, arm's length terms and conditions, and compliance with the Act and the Financing Plan

- Suspension Right
  - Uncured breach of Process Agreement or breach by any party of other program agreements allows Province to suspend Limited Guarantee for new obligations, other than for refinancings
  - Exercise of suspension right does not impact prior Hydro Trust obligations covered under the Limited Guarantee

Obligation of Province on Protection Event

- Make payments on Limited Guarantee
- Payments replicate stream of CEAs to pay amounts due and payable by Hydro Trust
- In event of an acceleration of any Obligation Secured, Province would pay acceleration amounts, capped at scheduled payment amounts (without acceleration) plus an additional amount up to the “fair allocation” in the aggregate [should this reference regulation?]
- Province will be subrogated to rights of the creditors of Hydro Trust to the extent of performance under the Limited Guarantee

Obligations of OPG

- Process Agreement obligates OPG, but without limiting protections under existing indemnity agreement
  - Province has indemnified OPG, its subsidiaries, and each of their respective directors, officers and employees from liability resulting from activities under the Act and activities of Hydro Trust pursuant to an Indemnity Agreement
- If there is any conflict between the Process Agreement, the Protection Agreement and the existing Indemnity Agreement in respect of any matter relating to the Province's indemnification obligations in favour of OPG, the Indemnity Agreement is paramount

Provincial Approval Process

- Authorization under Section 5(3) of OFHPA
  - Section 5(3) provides that LGIC may by order authorize the Minister of Energy and Minister of Finance, acting together on behalf of the Province, to agree to guarantee or indemnify obligations associated with an Investment Interest
- Order in Council 1981/2017 made pursuant to subsection 5(3) of the OFHPA
  - The OIC authorizes the Minister of Energy and the Minister of Finance, acting together on behalf of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of a financing entity established under the OFHPA associated with investment interests acquired by a financing entity.
- [Should TB approval be included here?]
- Approval under section 28 of *Financial Administration Act* will be required prior to entry into the Protection Agreement and the Process Agreement by the Minister of Finance and the Minister of Energy.

Accounting Implications

- [Please complete. Please describe absence of lump-sum recognition and other disclosure/notes that would be required in Province's financial statements.]

- [Please also complete following slide in respect of accounting risks.]

Risks

- Accounting
  - [Please add a sub-bullet on accounting risks (e.g., control limitations; loss of off-balance sheet treatment if a Protection Event occurs)]
- Province dependent on OPG in relation to most key matters relating to the Limited Guarantee
  - Less power/information than would typically be afforded to a guarantor
  - Significant reliance on OPG to deliver timely, accurate information
  - Province has no say on financing decisions if permitted by the Financing Plan **[, except in narrow circumstances]**
- Even without a change of law by the Legislature, a court determination may trigger a Protection Event
- Possible criticism for wholesale delegation to OPG; although accounting considerations and the Act itself lead to this outcome
- Possible opportunistic litigation by Hydro Trust creditors incentivized by spread differentials to trigger a Protection Event

From: John Kim
To: Ronald Kwan
Subject: RE: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx
Date: Tuesday, November 28, 2017 4:10:33 PM

Hi Ron,

Ok, that makes sense. What I don't fully understand is a need for a separate s.28 on the agreements as once you have an approval for the OIC. I'm not sure how getting the agreements would be separated from the OIC.

I supposed it could be argued that details of the potential liabilities are now known until the terms are complete. (I don't agree but OK.)

John

From: Ronald Kwan
Sent: November-28-17 4:05 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

Hi John,

It was led by the CEO's office, as Anna worked on the TB submission, etc. MOF Legal drafted the s.28 approval for the OIC. I had forgotten the details, as there is also a separate s.28 on the agreements too (I was thinking the s.28 at the time might have encompassed the whole package), as cited in the TB materials at that time.

Ron

From: John Kim
Sent: November-28-17 13:39
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: Re: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

Hi Ron,

I didn't think we were involved in the obtaining of the OIC?

John

Sent from my iPhone

On Nov 28, 2017, at 1:24 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi John,

Where did we leave the s.28 conversation when the OIC was obtained?

Ron

From: John Kim
Sent: November-28-17 13:18
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: Re: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

Hi Ron,

To require a s.28 approval while an OIC exists to authorize the Ministers to sign the agreements seems a bit redundant to me but this is coming from MOF Legal???

John

Sent from my iPad

On Nov 28, 2017, at 12:47 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi John,
>
> Comments? Note the s.28 point.
>
> Ron
>
> ---
>
> **From:** Anna Strathy
> **Sent:** November-28-17 11:57
> **To:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** RE: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx
>
> Gadi, I hope you don't mind, but I went ahead and sent to OPCD/Energy in the interest of time. We still have an opportunity to remove the accounting/risk slides if you think it necessary.
>
> By way of this email, I'd like to also ask Ken, Mike and Ron to review the attached and let me know if they have any edits/comments. The red text is Malle's edits.
>
> Thanks, Anna
>
> ---

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To:	Mike Manning; Anna Strathy; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Veinot, Cindy (TBS); Mark Donaldson (MOF); Steen Hume (CAB); Daniel Cayley (ENERGY); Scott Nelms (ENERGY); James Devine; Carlos Yep; Keley Katona (ENERGY); Usman Zahid; Anis Hirani; John Kim; John Psinas
Cc:	Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Subject:	RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements
Date:	Tuesday, November 21, 2017 9:40:22 AM

Thanks Mike.

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: November 21, 2017 9:40 AM
To: Hanslep, Malle (MOF); Strathy, Anna (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Veinot, Cindy (TBS); Donaldson, Mark (TBS); Hume, Steen (ENERGY); Cayley, Daniel (ENERGY); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Katona, Keley (MOF); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); John Psinas
Cc: Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Subject: RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements

Hi all:
I believe 11:00 scheduled meeting is a placeholder only and can be modified if we need more time or want a different approach.

Mike

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
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To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
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Subject: FW: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements

Please find attached mark-ups sent to us for our review by Blakes this morning.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 21, 2017 8:57 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: VINER, JON; PRESTAGE, JA
Subject: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements

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Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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Subject:	RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements
Date:	Tuesday, November 21, 2017 9:40:07 AM

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Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653

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From:	Mike Manning
To:	Malle Hanslep (MOF); Anna Strathy; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Veinot, Cindy (TBS); Mark Donaldson (MOF); Steen Hume (CAB); Daniel Cayley (ENERGY); Scott Nelms (ENERGY); James Devine; Carlos Yep; Keley Katona (ENERGY); Usman Zahid; Anis Hirani; John Kim; John Psinas
Cc:	Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Subject:	RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements
Date:	Tuesday, November 21, 2017 9:39:51 AM

Hi all:
I believe 11:00 scheduled meeting is a placeholder only and can be modified if we need more time or want a different approach.

Mike

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 9:33 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
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Subject: RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements

Hi Anna,

We think that we should spend more time reviewing the mark-up and considering issues on our side before attending a meeting with Torys and OPG at this point given their significant change and request and have a sufficient time for internal provincial consideration of these issues.

Malle

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Sent: November 21, 2017 9:31 AM
To: Hanslep, Malle (MOF); Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Veinot, Cindy (TBS); Donaldson, Mark (TBS); Hume, Steen (ENERGY); Cayley, Daniel (ENERGY); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Katona, Keley (MOF); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); John Psinas
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Date:	Tuesday, November 21, 2017 9:33:01 AM

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To:	Malle Hanslep (MOF); Gadi Mayman; Mike Manning; Ronald Kwan; Ken Kandeepan; Veinot, Cindy (TBS); Mark Donaldson (MOF); Steen Hume (CAB); Daniel Cayley (ENERGY); Scott Nelms (ENERGY); James Devine; Carlos Yep; Keley Katona (ENERGY); Usman Zahid; Anis Hirani; John Kim; John Psinas
Cc:	Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Subject:	RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements
Date:	Tuesday, November 21, 2017 9:30:59 AM

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To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
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Subject: FW: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements

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Cc: VINER, JON; PRESTAGE, JA
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Subject:	RE: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements
Date:	Tuesday, November 21, 2017 9:50:23 AM

Thanks Malle, Mike.

I'll await direction on the timing of the meeting with Torys and Oslers. Hopefully a meeting later this afternoon will be more convenient for OPCD and Energy who may have conflicts with the original timing of 11-2.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 9:40 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
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To:	Malle Hanslep (MOF); Thouin, Alena (ENERGY); ASHBOURNE, STEPHEN
Cc:	McKinlay, Tom (ENERGY); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan
Subject:	RE: Call this morning
Date:	Friday, November 17, 2017 11:46:11 AM

So it looks like 12:15pm for a pre-call with Energy and 12:30pm for the broader call.

Malle or Stephen, could you please let me know who to include from OPG/Torys?

Thanks, Anna

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 11:32 AM
To: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
Cc: McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Call this morning

Hi Alena,

We had a call right now and based on that the plan is to have a call with OPG and Torys' to discuss this issue and it will be important to have Energy staff on the call too. Anna is going to connect with Energy Policy (Steen Hume's group) and I am following up with you here.

Before that further call, it will also be important to have a pre-call to discuss the issues to ensure that everyone is in the loop.

OFA staff are checking with OPG on the possible timing of that call so as to plan the timing of these calls today.

Thanks.

Malle

From: Thouin, Alena (ENERGY)
Sent: November 17, 2017 11:00 AM
To: ASHBOURNE, STEPHEN; Hanslep, Malle (MOF)
Cc: McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: RE: Call this morning

I am in other briefings right now, but I will follow up with you Steve/Malle.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 17, 2017 10:56 AM
To: Hanslep, Malle (MOF)
Cc: Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Strathy, Anna

(OFA)
Subject: RE: Call this morning

In case it's useful, I attach my mark-up of the Protection Agreement (so far), for your interim consideration. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From: ASHBOURNE, STEPHEN
Sent: Friday, November 17, 2017 10:50 AM
To: 'Hanslep, Malle (MOF)'
Cc: Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: RE: Call this morning

Malle, I can talk at 11 if that still works for others. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 9:55 AM
To: ASHBOURNE, STEPHEN
Cc: Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Call this morning

Hi Steve,

We would like to have a call with you this morning to discuss the implications of the alternative option that was discussed yesterday and what OPG's response so far has been. I relayed to Ken, Mike and others the fact that s. 11.01 of the Trust Indenture provides for amendments to be made without consent of specified creditors and that this is one of the reasons why OPG's proposal to put Province in the category of specified creditor alone would not result in the Province getting notice of all amendments from the Indenture

Trustee. I think it would be helpful to have a discussion to go over all of the related issues.

Perhaps about 11 would be a good time – would that work for you?

Also, we are reviewing the revised versions of the agreements and as relayed last evening I have questions about the new wording under limited guarantee among other points so not sure when we will review that as well.

Thanks.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: Anna Strathy
To: Ken Kandeepan
Cc: Ronald Kwan; Mike Manning
Subject: RE: Call this morning
Date: Friday, November 17, 2017 11:31:14 AM

Hi Ken, good suggestion. We are going to be having further calls (one pre-call with Energy and a larger call with OPG and Torys) that perhaps OPCD could join. Could you check in with Cindy on her availability?

Anna

From: Ken Kandeepan
Sent: Friday, November 17, 2017 11:21 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: Re: Call this morning

Anna

I guess it's too late but be useful to have included Cindy/Mark

Thanks

Ken k

On Nov 17, 2017, at 11:03 AM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:

> For 11am
>
> ---
>
> **From:** ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
> **Sent:** Friday, November 17, 2017 10:56 AM
> **To:** Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
> **Cc:** Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject:** RE: Call this morning
>
> In case it's useful, I attach my mark-up of the Protection Agreement (so far), for your interim consideration. Steve
>
> Stephen R. Ashbourne
> Partner
> stephen.ashbourne@blakes.com
> Dir: 416-863-3086
>
> ———————————

<image93017e.GIF>

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From: ASHBOURNE, STEPHEN
Sent: Friday, November 17, 2017 10:50 AM
To: 'Hanslep, Malle (MOF)'
Cc: Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: RE: Call this morning

Malle, I can talk at 11 if that still works for others. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 9:55 AM
To: ASHBOURNE, STEPHEN
Cc: Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Call this morning

Hi Steve,

We would like to have a call with you this morning to discuss the implications of the alternative option that was discussed yesterday and what OPG's response so far has been. I relayed to Ken, Mike and others the fact that s. 11.01 of the Trust Indenture provides for amendments to be made without consent of specified creditors and that this is one of the reasons why OPG's proposal to put Province in the category of specified creditor alone would not result in the Province getting notice of all amendments from the Indenture Trustee. I think it would be helpful to have a discussion to go over all of the related issues.

Perhaps about 11 would be a good time – would that work for you?

Also, we are reviewing the revised versions of the agreements and as relayed last evening I have questions about the new wording under limited guarantee among other points so not sure when we will review that as well.

Thanks.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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<23239360-v14-CLPA - Protection Agreement.DOCX>

<23239360-vpdf-CLPA - Protection Agreement.PDF>

From:	Anna Strathy
To:	Malle Hanslep (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan
Cc:	Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Thouin, Alena (ENERGY)
Subject:	RE: Call this morning
Date:	Friday, November 17, 2017 11:00:01 AM

I will momentarily. Adding Ron Kwan as well. Ron, are you available at 11am?

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 10:56 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: Call this morning

I don't know whether any others should be on this call too right now but I think that this would be the main group for now.

Anna: would you please circulate a dial in? Thanks.

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: November 17, 2017 10:54 AM
To: Hanslep, Malle (MOF); Kandeepan, Ken (OFA); Strathy, Anna (OFA)
Subject: RE: Call this morning

11:00 works for me.
Is there a call-in number?

Thanks, Mike

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 10:52 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: Call this morning

Hi,

Steve is available at 11 if you would like to discuss this point.

Thanks

Malle

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 17, 2017 10:50 AM
To: Hanslep, Malle (MOF)
Cc: Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: RE: Call this morning

Malle, I can talk at 11 if that still works for others. Steve

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Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blakes

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 9:55 AM
To: ASHBOURNE, STEPHEN
Cc: Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Call this morning

Hi Steve,

We would like to have a call with you this morning to discuss the implications of the alternative option that was discussed yesterday and what OPG's response so far has been. I relayed to Ken, Mike and others the fact that s. 11.01 of the Trust Indenture provides for amendments to be made without consent of specified creditors and that this is one of the reasons why OPG's proposal to put Province in the category of specified creditor alone would not result in the Province getting notice of all amendments from the Indenture Trustee. I think it would be helpful to have a discussion to go over all of the related issues.

Perhaps about 11 would be a good time – would that work for you?

Also, we are reviewing the revised versions of the agreements and as relayed last evening I have questions about the new wording under limited guarantee among other points so not sure when we will review that as well.

Thanks.

Malle

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Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
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From:	Hanslep, Malle (MOF)
To:	Anna Strathy; Thouin, Alena (ENERGY); ASHBOURNE, STEPHEN
Cc:	McKinlay, Tom (ENERGY); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan
Subject:	RE: Call this morning
Date:	Friday, November 17, 2017 11:48:41 AM

Hi,

Most likely from OPG – John Lee and Leslie Wong from OPG
From Torys – Rima Ramchandani and Nina Mansoori

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 17, 2017 11:46 AM
To: Hanslep, Malle (MOF); Thouin, Alena (ENERGY); ASHBOURNE, STEPHEN
Cc: McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Subject: RE: Call this morning

So it looks like 12:15pm for a pre-call with Energy and 12:30pm for the broader call.

Malle or Stephen, could you please let me know who to include from OPG/Torys?

Thanks, Anna

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 11:32 AM
To: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
Cc: McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Call this morning

Hi Alena,

We had a call right now and based on that the plan is to have a call with OPG and Torys' to discuss this issue and it will be important to have Energy staff on the call too. Anna is going to connect with Energy Policy (Steen Hume's group) and I am following up with you here.

Before that further call, it will also be important to have a pre-call to discuss the issues to ensure that everyone is in the loop.

OFA staff are checking with OPG on the possible timing of that call so as to plan the timing of these calls today.

Thanks.

Malle

From: Thouin, Alena (ENERGY)
Sent: November 17, 2017 11:00 AM
To: ASHBOURNE, STEPHEN; Hanslep, Malle (MOF)
Cc: McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: RE: Call this morning

I am in other briefings right now, but I will follow up with you Steve/Malle.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 17, 2017 10:56 AM
To: Hanslep, Malle (MOF)
Cc: Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: RE: Call this morning

In case it's useful, I attach my mark-up of the Protection Agreement (so far), for your interim consideration. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From: ASHBOURNE, STEPHEN
Sent: Friday, November 17, 2017 10:50 AM
To: 'Hanslep, Malle (MOF)'
Cc: Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: RE: Call this morning

Malle, I can talk at 11 if that still works for others. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Friday, November 17, 2017 9:55 AM
To: ASHBOURNE, STEPHEN
Cc: Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Call this morning

Hi Steve,

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Also, we are reviewing the revised versions of the agreements and as relayed last evening I have questions about the new wording under limited guarantee among other points so not sure when we will review that as well.

Thanks.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: Ronald Kwan
To: "Saulnier, Brett"
Cc: "john.s.lee@opg.com"; Ken Kandeepan; Mike Manning
Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 2/6)
Date: Tuesday, January 09, 2018 9:53:06 AM

Hi Brett,

In future distributions of these documents, please include me.

Thanks,
Ron

-----Original Message-----
From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: January-05-18 17:42
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Scott Thompson (CAB) <Scott.Thompson@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Mansoori, Nina <nmansoori@torys.com>
Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 2/6)

Email 2/6: Investor Presentation and Term Sheet

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower

Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 5:13 PM

To: Mansoori, Nina <nmansoori@torys.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>

Cc: 'John Lee (john.s.lee@opg.com)' <john.s.lee@opg.com>; 'Ken Ryfa (ken.ryfa@opg.com)' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Re: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

Hi Nina

I am having trouble receiving the email with the attachments because the attachments are large. Is it possible for you to resend the attachments in separate emails? Sorry about that and would appreciate it so I can review.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Mansoori, Nina

Sent: Friday, January 5, 2018 17:04

To: Mayman, Gadi (OFA); Thompson, Scott (MOF); Strathy, Anna (OFA); Manning, Mike (OFA); McLean, David (MOF); Tekle, Jonathan (MOF); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: 'John Lee (john.s.lee@opg.com)'; 'Ken Ryfa (ken.ryfa@opg.com)'; 'WONG Leslie -LAWDIV'; LADAK Lubna -TREASURY; Ramchandani, Rima; Feldman, Michael; Saulnier, Brett; Dost, Mitchell; Olusoga, Yinka

Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

All – just to clarify - we appreciate the Province will be reviewing the draft OM and may have comments on the disclosure which we would be happy to discuss once you have had a chance to review. Thanks,

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

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[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=s_m0PjvP6QREtQi-GHSrNGj6yZt232IfTen_5GV0Xk4&s=LPvwxfL-PTO7E_aUvKDFt6-OIokUaLi1J5XXUYfaDHw&e= >

From: Mansoori, Nina

Sent: January-05-18 4:55 PM

To: Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'Scott.Thompson@ontario.ca' <Scott.Thompson@ontario.ca>; 'Anna.Strathy@ofina.on.ca' <Anna.Strathy@ofina.on.ca>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; 'David.McLean@ontario.ca' <David.McLean@ontario.ca>; 'Jonathan.Tekle@ontario.ca' <Jonathan.Tekle@ontario.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; 'Ken.Kandeepan@ofina.on.ca' <Ken.Kandeepan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; 'tim.christine@ontario.ca' <tim.christine@ontario.ca>

Cc: 'John Lee (john.s.lee@opg.com)' <john.s.lee@opg.com>; 'Ken Ryfa (ken.ryfa@opg.com)' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

Importance: High

All,

Reference is made to the Change of Law Process Agreement between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the Province") and Ontario Power Generation Inc. ("OPG") to be dated as of December 21, 2017 (the "Change of Law Process Agreement"). All capitalized terms used and not defined in this email shall have their respective meanings in the Change of Law Process Agreement.

On behalf of OPG, we have hand-delivered today to the Ministers and the Deputy Ministers the forms of Transaction Documents set out in the attached cover letter. For ease of reference, we also attach these documents here and attach blacklines to the last versions of the term supplemental indentures circulated to you. If you would like a blackline of any other Transaction Document, please send us the version you reviewed last.

We consider these forms settled other than:

· There is one change that has been proposed by the dealers, and which is under discussion, that will impact the term supplemental indentures and will necessitate some additional disclosure to the term sheet. The dealers have advised that following a Principal Payment Date (i.e. the date on which all amounts owing under the notes are expected to be repaid in full), it would be typical for the interest payment dates to accelerate to monthly (instead of semi-annually). Once the dealers and OPG have an opportunity to discuss and come to an agreement on this point next week, the necessary changes to reflect this will be made to the term supplemental indentures and the term sheet

· there are still some bullets in these documents which will be addressed closer to closing (including dates, pricing information and the names of all of the Agents)

· we expect there will be some minor clean up to the OM (including making sure all of our cross-references are correct and that the glossary picks up all defined terms).

Please let us know if you have any questions.

Best Regards,

Nina

P. 416.865.7332

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From: Ronald Kwan
To: "Saulnier, Brett"
Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 2/6)
Date: Tuesday, January 09, 2018 7:09:08 PM

Thanks Brett.

Ron

-----Original Message-----
From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: January-09-18 18:46
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 2/6)

Will do, Ron.

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----
From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: January-09-18 9:53 AM
To: Saulnier, Brett <bsaulnier@torys.com>
Cc: 'john.s.lee@opg.com' <john.s.lee@opg.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 2/6)

Hi Brett,

In future distributions of these documents, please include me.

Thanks,
Ron

-----Original Message-----
From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: January-05-18 17:42
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Scott Thompson (CAB) <Scott.Thompson@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; John Lee (john.s.lee@opg.com) <john.s.lee@opg.com>; Ken Ryfa (ken.ryfa@opg.com) <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Mansoori, Nina <nmansoori@torys.com>
Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries (EMAIL 2/6)

Email 2/6: Investor Presentation and Term Sheet

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower

Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: January-05-18 5:13 PM

To: Mansoori, Nina <nmansoori@torys.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Thompson, Scott (MOF) <Scott.Thompson@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; McLean, David (MOF) <David.McLean@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; Christie, Tim (ENERGY) <Tim.Christie@ontario.ca>

Cc: 'John Lee (john.s.lee@opg.com)' <john.s.lee@opg.com>; 'Ken Ryfa (ken.ryfa@opg.com)' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Re: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

Hi Nina

I am having trouble receiving the email with the attachments because the attachments are large. Is it possible for you to resend the attachments in separate emails? Sorry about that and would appreciate it so I can review.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Mansoori, Nina

Sent: Friday, January 5, 2018 17:04

To: Mayman, Gadi (OFA); Thompson, Scott (MOF); Strathy, Anna (OFA); Manning, Mike (OFA); McLean, David (MOF); Tekle, Jonathan (MOF); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Hume, Steen (ENERGY); Christie, Tim (ENERGY)

Cc: 'John Lee (john.s.lee@opg.com)'; 'Ken Ryfa (ken.ryfa@opg.com)'; 'WONG Leslie -LAWDIV'; LADAK Lubna -TREASURY; Ramchandani, Rima; Feldman, Michael; Saulnier, Brett; Dost, Mitchell; Olusoga, Yinka

Subject: RE: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

All – just to clarify - we appreciate the Province will be reviewing the draft OM and may have comments on the disclosure which we would be happy to discuss once you have had a chance to review. Thanks,

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

79 Wellington St. W., 30th Floor, Box 270, TD South Tower

Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=s_m0PjvP6QREtQi-GHSrNGj6yZt232IfTen_5GV0Xk4&s=LPvwxfL-PTO7E_aUvKDFt6-OIokUaLi1J5XXUYfaDHw&e= >

[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=s_m0PjvP6QREtQi-GHSrNGj6yZt232IfTen_5GV0Xk4&s=LPvwxfL-PTO7E_aUvKDFt6-OIokUaLi1J5XXUYfaDHw&e= >

From: Mansoori, Nina

Sent: January-05-18 4:55 PM

To: Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'Scott.Thompson@ontario.ca' <Scott.Thompson@ontario.ca>; 'Anna.Strathy@ofina.on.ca' <Anna.Strathy@ofina.on.ca>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; 'David.McLean@ontario.ca' <David.McLean@ontario.ca>; 'Jonathan.Tekle@ontario.ca' <Jonathan.Tekle@ontario.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; 'Ken.Kandeepan@ofina.on.ca' <Ken.Kandeepan@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; 'tim.christine@ontario.ca' <tim.christine@ontario.ca>

Cc: 'John Lee (john.s.lee@opg.com)' <john.s.lee@opg.com>; 'Ken Ryfa (ken.ryfa@opg.com)' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Dost, Mitchell <mdost@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Olusoga, Yinka <yolusoga@torys.com>

Subject: Change of Law Process Agreement - Section 2.1(b)(ii) Document Deliveries

Importance: High

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Please let us know if you have any questions.

Best Regards,

Nina

P. 416.865.7332

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From:	Mike Manning
To:	Malle Hanslep (MOF); Gadi Mayman
Cc:	Ken Kandeepan; Ronald Kwan; Tobias P. Whitfield (MOF); Michael Waterston (MOF); Anna Strathy
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Tuesday, November 21, 2017 10:07:18 AM

I've indicated that we would need a written explanation/rationale of the marketability issue from the dealers on the proposed changes to the adherence conditions which we would discuss later today if and when we have a meeting.

Mike

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 10:01 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Michael Waterston (MOF) <Michael.Waterston@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

Given the follow up email from Torys proposing changes to the structure of the agreements and the other comments on the agreements, have the dealers been asked to provide their written explanation as set out below as all the requested changes seem predicated on this point.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 21, 2017 8:13 AM
To: Hanslep, Malle (MOF)
Cc: Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF); Waterston, Michael (MOF); Strathy, Anna (OFA)
Subject: Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

As I may not be able to join the call this morning, I thought I'd share my view: if this truly is an issue for marketing the bonds to investors, it would be significant from their perspective. Mike and I don't yet understand why it would be, so it is up to the underwriters, or their counsel, to provide us with a written, not oral, explanation as to why it would be. If they are not prepared to put their reasons in a short, plain English, form, I'm not prepared to accept their request.

Gadi

On Nov 21, 2017, at 8:04 AM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Energy (both policy and legal) staff and OPCD should be on any call to discuss this, as well.
>
> Thanks,
> Gadi

On Nov 21, 2017, at 8:00 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> I think that it would be useful to discuss next steps here given Torys email below. According to Torys some of this reflects discussions they had with dealers counsel on the weekend and contacted me to have call to give more context. However I would like to discuss this with you as this seems to be quite a significant change to what we were discussing on Monday and our most recent draft. If we have a call maybe it should be the whole group and include Blakes.
>
> Malle
>
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: Mansoori, Nina <nmansoori@torys.com>
> Sent: Monday, November 20, 2017 14:06
> To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY)
> Cc: 'dup-john.s.lee@opg.com'; 'leslie.wong@opg.com'; 'sheen.liu@opg.com'; 'tyler.mcauley@opg.com'; 'clara.greco@opg.com'; 'matthew.go@opg.com'; 'anthea.yao@opg.com'; 'jenny.jorda@opg.com'; 'stuart.preston@opg.com'; 'john.drewniak@opg.com'; 'j.hahnparker@opg.com'; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Hunter, Rosalind; 'Alvi, Shariq'; Innes, Michael; 'Stoddart, Jesse - Debt Capital Markets'; 'Rix, Lindsey - Legal'; 'Hume, Tyler'; 'Daou, Hadi'; 'Persad, Nicole'; Olusoga, Yinka; Saulnier, Brett; 'mfitzpatrick@hunton.com'; 'aobrian@hunton.com'; Watson, Gwen; Johnson, Richard; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; 'Adalja, Sunil'; 'Persaud, Donnie - Debt Capital Markets'; Sebastiano, Rocco; 'Maciel, Andrew'; 'Benaiah, Ian'; 'Khan, Nur'; "Niehaus, Katrina' (Katrina.Niehaus@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'; 'Conner, Robbin'; 'Milligan, Peter'; Sebastiano, Rocco; Fullerton, Rick; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett; Mansoori, Nina
> Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
>
> All – please find attached consolidated comments on the Process Agreement and the Protection Agreement blacklined to the drafts circulated by Blakes on Friday. We understand that the current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Accordingly, the dealers and

OPG would like to discuss with the Province the possibility of moving the adherence conditions to the Process Agreement while preserving the Province's oversight of its obligations under the Protection Agreement. We will provide a proposal on that basis to discuss with the Province. Please note that the attached remains subject to the comments of the working group and the rating agencies.

Best Regards,
Nina
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada |
www.torys.com[torys.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >

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<Blackline_ProtectionAgreement.pdf>

<Blackline_ProcessAgreement.pdf>

<CLPA - Protection Agreement (COMMENTS).docx>

<CLPA - Process Agreement (COMMENTS).docx>

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From:	Hanslep, Malle (MOF)
To:	Ken Kandeepan
Cc:	Gadi Mayman; Mike Manning; Ronald Kwan; Veinot, Cindy (TBS); Mark Donaldson (MOF); Scott Nelms (ENERGY); Keley Katona (ENERGY); John Kim; Steen Hume (CAB); Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY)
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date:	Friday, November 17, 2017 9:33:52 AM

Hi Ken,

Yes this is one of the issues, i.e. where the obligation to provide notice and information to the province would be found. However, we reviewed the master trust indenture further last night. There are some other issues as well as under the trust indenture s. 11.01 the Issuer and the Indenture Trustee have the ability to make a number of types of amendments without the consent of specified creditors including to add to the covenants of the Issuer or to surrender any right or power conferred upon the Issuer for the benefit of debtholders and also to enable the Issuer to file a registration statement for the offering of securities in the U.S. etc.. S. 11.02 provides for the making of a range of amendments with consent of debtholders. This is why Blakes specified these sections in their email to Torys as not all amendments are sent to the specified creditors. I think it would be worthwhile to have a further internal call with Blakes later this morning so that we have a full understanding of the implications of this issue.

If the Province is paying under the limited guarantee in the protection agreement, the Province would be paying in accordance with the terms and conditions of the agreements and obligations that the financing entity has entered into. If the Province determines that it is appropriate to directly assume the debt and obligations and obtains authority and approvals to do so and elects its option to do so, then upon direct assumption of the debt and derivatives, there would an opportunity for the terms be varied to be under the Province's ISDA's.

Thanks,

Malle

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: November 17, 2017 8:49 AM
To: Hanslep, Malle (MOF)
Cc: Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Veinot, Cindy (TBS); Donaldson, Mark (TBS); Nelms, Scott (MOF); Katona, Keley (MOF); Kim, John (OFA); Hume, Steen (ENERGY)
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Hi Malle

As per our discussion last evening, I understood that the compromise position re the amendments issue was for the Province to be designated as a "specified creditor" thus be informed of any amendments 10 business days prior. The sticking point, as I understand it was our preference that these requirements be part of the Indenture Trust agreement while Tory's/Osler suggested that it be part of the Protection Agreement.

So the question is if we accept the Tory's/Osler position does the Province's risk increase materially,

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Thanks

Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, November 16, 2017 8:37 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: FW: Change of Law Protection Agreement and Change of Law Process Agreement

Hopefully I have captured everyone who is usually copied on these.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-16-17 8:29 PM
To: 'ASHBOURNE, STEPHEN'; Feldman, Michael; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John - TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin; Sebastiano, Rocco; Ramchandani, Rima; VINER, JON; PRESTAGE, JA; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY)
Cc: Mansoori, Nina
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Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
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Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP [torys.com]

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Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Thursday, November 09, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
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The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.

Regards, Rocco

OSLER

Rocco Sebastiano
Partner

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416.862.6666 FACSIMILE
rsebastiano@osler.com

Osler, Hoskin & Harcourt LLP
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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Hill, Krista <khill@torys.com>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

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In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

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Stephen R. Ashbourne

Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From:	Ken Kandeepan
To:	Malle Hanslep (MOF)
Cc:	Gadi Mayman; Mike Manning; Ronald Kwan; Veinot, Cindy (TBS); Mark Donaldson (MOF); Scott Nelms (ENERGY); Keley Katona (ENERGY); John Kim; Steen Hume (CAB)
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date:	Friday, November 17, 2017 8:49:21 AM

Hi Malle

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Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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Sent: Thursday, November 09, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
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Regards, Rocco

OSLER

Rocco Sebastiano
Partner

416.862.5859 DIRECT
416.862.6666 FACSIMILE
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Osler, Hoskin & Harcourt LLP
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———————————

Blakes

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blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From:	Hanslep, Malle (MOF)
To:	Mike Manning; Gadi Mayman; Ken Kandeepan; Anna Strathy; Veinot, Cindy (TBS); Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); Hresa Gavaris; John Psinas; Steen Hume (CAB); Daniel Cayley (ENERGY)
Cc:	ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date:	Wednesday, November 15, 2017 10:01:37 AM

Hi – Sorry I just saw that Steve had already sent this out to the group so can ignore my attachments.

From: Hanslep, Malle (MOF)
Sent: November 15, 2017 9:27 AM
To: Manning, Mike (OFA); Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA) (Anna.Strathy@ofina.on.ca); Veinot, Cindy (TBS); Kwan, Ronald (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA) (Carlos.Yep@ofina.on.ca); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Usman Zahid (Usman.Zahid@ofina.on.ca); Hirani, Anis (OFA) (Anis.Hirani@ofina.on.ca); Kim, John (OFA); McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); Gavaris, Hresa (OFA); John Psinas (John.Psinas@ofina.on.ca); Hume, Steen (ENERGY); Cayley, Daniel (ENERGY)
Cc: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)
Subject: FW: Change of Law Protection Agreement and Change of Law Process Agreement

Hi all,

These revisions were sent out by Steve last evening. Please review to ensure all the comments at the meeting yesterday were captured. Also, please review s. 4.01 in particular as based on discussions with Steve last evening the language was modified a bit to change it so the Province may disagree with the amount for the protection agreement maximum proposed by OPG on reasons related to the inconsistencies or inaccuracies as opposed to agreeing as opposed to confirming agreement. Please let us know if you have comments on this. Thanks.

Malle

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 14, 2017 8:30 PM
To: Sebastiano, Rocco; Ramchandani, Rima; VINER, JON; PRESTAGE, JA; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY)
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Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.

The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.

Regards, Rocco

OSLER

Rocco Sebastiano
Partner

416.862.5859 DIRECT
416.862.6666 FACSIMILE
rsebastiano@osler.com

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

osler.com
[osler.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Hill, Krista <khill@torys.com>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

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We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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199 Bay Street, Suite 4000, Toronto ON M5L 1A9
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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****

From:	McKinlay, Tom (MAG)
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Anna Strathy; Gadi Mayman; Ken Kandeepan; Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Hresa Gavaris; John Psinas; Steen Hume (CAB); Scott Nelms (ENERGY)
Cc:	"stephen.ashbourne@blakes.com"; Thouin, Alena (ENERGY)
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date:	Thursday, November 09, 2017 3:48:31 PM
Attachments:	OPG Indemnity-OFHP.PDF

Attached is the signed OPG indemnity.

From: Hanslep, Malle (MOF)
Sent: November 9, 2017 10:22 AM
To: Whitfield, Tobias P. (MOF); Strathy, Anna (OFA); Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Veinot, Cindy (TBS); Manning, Mike (OFA); Kwan, Ronald (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); Gavaris, Hresa (OFA); John Psinas; Hume, Steen (ENERGY); Nelms, Scott (MOF)
Cc: 'stephen.ashbourne@blakes.com'; Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Also, I notice that there is reference in the Process Agreement's changes to the Province's indemnity agreement in favour of OPG dated June 1, 2017. Could Energy circulate that agreement to the group? Thank you.

Malle

From: Whitfield, Tobias P. (MOF)
Sent: November 9, 2017 10:16 AM
To: Strathy, Anna (OFA); Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Veinot, Cindy (TBS); Manning, Mike (OFA); Kwan, Ronald (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); Gavaris, Hresa (OFA); John Psinas; Hume, Steen (ENERGY); Nelms, Scott (MOF)
Cc: 'stephen.ashbourne@blakes.com'; Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

I was mistaken in my first email – the comments attached in my earlier email are consolidated comments from the Dealer's Counsel AND OPG's counsel (Osler's and Tory's).

Best,
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)

Sent: November 9, 2017 10:04 AM
To: Strathy, Anna (OFA); Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Veinot, Cindy (TBS); Manning, Mike (OFA); Kwan, Ronald (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); Gavaris, Hresa (OFA); 'John Psinas'; Hume, Steen (ENERGY); Nelms, Scott (MOF)
Cc: 'stephen.ashbourne@blakes.com'; Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Subject: FW: Change of Law Protection Agreement and Change of Law Process Agreement

Please find attached the Dealer's Counsel's comments on the Change of Law Protection Agreement and the Change of Law Process Agreement. Note that we have not yet received comments from OPG and these are only the Dealer's comments.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: November 9, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; JON.VINER@blakes.com; JA.PRESTAGE@blakes.com; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY)
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
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Regards, Rocco

OSLER

Rocco Sebastiano
Partner

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rsebastiano@osler.com

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Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
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———————————

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199 Bay Street, Suite 4000, Toronto ON M5L 1A9
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blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

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****

EXECUTION VERSION

INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT effective as of this 1st day of June, 2017.

BETWEEN: **Ontario Power Generation Inc.**
(hereinafter the "**Corporation**")

OF THE FIRST PART,

Her Majesty the Queen in Right of the Province of Ontario as Represented by the Minister of Energy

(hereinafter called the "**Province**")

OF THE SECOND PART

WHEREAS the Corporation and/or one or more of its subsidiaries may or, in certain circumstances is or will be required to, carry out certain activities with respect to (i) the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), (ii) the regulations made pursuant to the Act, and/or (iii) the agreements (A) relating to any financing entity (as defined in the Act) and/or any debt issued by any such financing entity and/or (B) to which any such financing entity is a party (the Act, such regulations and agreements, collectively the "**Fair Hydro Plan**");

AND WHEREAS the Corporation, its subsidiaries and each of their respective directors, officers and employees may face risk of liability arising as a result of their respective activities, acts and/or omissions in the implementation of, or relating to, the Fair Hydro Plan.

NOW THEREFORE, in consideration of the sum of $1.00 now paid by the Corporation to the Province and other good and valuable consideration (the receipt of which is hereby acknowledged), the Province hereby agrees:

1. To indemnify, defend and save harmless the Corporation, each of the Corporation's subsidiaries (except for any such subsidiary that is a financing entity as defined in the Act) and each of their respective directors, officers, and employees (collectively the "**Protected Persons**" and individually, a "**Protected Person**") from and against all losses, costs, damages, charges, expenses, demands, liabilities, fines, penalties, judgments and/or settlement amounts directly or indirectly suffered, sustained or incurred by any Protected Person, including, without limitation, any direct, special, indirect, incidental, punitive, exemplary and/or consequential damages and/or loss of profits and damages in respect of economic loss and/or loss of opportunity, and all legal and other professional fees and out-of-pocket expenses (collectively, "**Losses**"), as a result of any civil, criminal, administrative, investigative and/or other claim, demand, action, suit, application, litigation, charge, complaint, prosecution, assessment, reassessment, investigation (formal or

informal), hearing and/or other proceeding of any nature or kind whatsoever (any of the foregoing being a "**Claim**") arising, directly or indirectly, as a result of each Protected Person's activities, acts and/or omissions in the implementation of, or otherwise relating to, the Fair Hydro Plan (including, without limitation, where a Protected Person is acting, at the request of the Corporation, in a different capacity than as a director, officer or employee of the Corporation or a subsidiary of the Corporation).

2. For greater clarity, "Corporation's subsidiaries" as used in this indemnity agreement do not include any financing entities (as defined in the Act), whether such financing entities are actually a subsidiary of the Corporation or not; and the terms "Protected Persons" or "Protected Persons" under this indemnity agreement do not include any financing entities (as defined in the Act), being a subsidiary of the Corporation or otherwise, provided that, for clarity, any such financing entities' respective directors, officers, trustees, and/or employees shall be considered "Protected Persons" if he or she is also a director, officer or employee of the Corporation or any of the Corporation's subsidiaries.

3. A Protected Person shall not be entitled to be indemnified in respect of Losses:

   (a) for which coverage is provided under an insurance policy or claims fund to the extent that such Protected Person is actually paid under such insurance policy or claims fund; or

   (b) for which other indemnities are already provided to such Protected Person to the extent that such Protected Person is actually so indemnified for those Losses by such indemnities; or

   (c) if and to the extent that a court of competent jurisdiction in a final, non-appealable judgment determines that the Claim associated with such Losses resulted from such Protected Person's dishonesty, gross negligence or willful misconduct; for greater clarity the Province acknowledges and agrees that any finding that such Protected Person failed to conduct such reasonable investigation as necessary to provide the Corporation, a subsidiary of the Corporation or a financing entity, as applicable, with reasonable grounds for believing any prospectus, registration statement, offering document or any other document filed by, or on behalf of, a financing entity under applicable securities laws contained no misrepresentation shall not in and of itself constitute "gross negligence" or "willful misconduct" for purposes of this Section 3(c) or otherwise disentitle such Protected Person from indemnification hereunder unless a court of competent jurisdiction in a final, non-appealable judgment determines that the Claim associated with such Losses resulted from the gross negligence or willful misconduct of the Protected Person claiming such indemnity, and in such circumstances, the Protected Person shall be disentitled from indemnification hereunder as a result of such Protected Person's gross negligence or willful misconduct; or

(d) in the case of a criminal or administrative action or proceeding that enforces a monetary penalty, to the extent such action or proceeding arises from circumstances in which such Protected Person did not have reasonable grounds for believing that such Protected Person's conduct was lawful.

4. Each Protected Person shall:

(a) Upon becoming aware of a Claim(s) for which such Protected Person may seek indemnification hereunder, as soon as practicable, deliver to the Province (through the Director of the Legal Services Branch of the Ministry of Energy) a notice setting forth in reasonable detail the particulars of the Claim(s);

(b) upon written request of the Province, furnish to the Province copies of any document, or provide to the Province any information, that relates to the Claim(s) that is in the possession or under the control of the Protected Person (except to the extent that provision of same would cause the Protected Person or another Protected Person to lose its entitlement to claim privilege with respect to the same);

(c) take all reasonable steps necessary to secure and preserve the rights of the Protected Person in respect of the Claim(s); and

(d) promptly take all reasonable steps to obtain indemnification or coverage, to the fullest extent possible, under insurance policies and/or under indemnities provided by the Corporation, as referred to in subsections 3(a) and (b) above.

A failure on the part of a Protected Person to take any of the actions provided in this section 4 shall not affect the rights of such Protected Person hereunder except to the extent that, as a result of such failure, the Province was actually prejudiced. A failure on the part of a Protected Person to take any of the actions provided in this section 4 shall not affect the rights of any other Protected Person.

5. The Province shall have the right to participate in or, where the Province has confirmed in writing to the applicable Protected Person(s) that all Losses in respect of a Claim will be indemnified under this indemnity agreement, assume control of the negotiation, settlement or defence of the Claim and in no event shall a Protected Person negotiate, settle, compromise or pay the Claim without the prior written consent of the Province, such consent not to be unreasonably withheld or delayed. If the Province elects to so participate in or assume control of the negotiation, settlement or defence of the Claim, the applicable Protected Person(s) shall co-operate fully with the Province in connection with the same, and each applicable Protected Person shall agree to be represented by legal counsel chosen by the Province, unless, in the opinion of such legal counsel, there would arise a conflict of interest preventing such legal counsel from representing the applicable Protected Person(s). Where it is such legal counsel's opinion that a conflict of interest prevents that legal counsel representing a Protected Person, the Protected Person will be entitled, after consultation with the Province and acting reasonably, to obtain legal counsel of the

Protected Person's choice, and the fees and expenses of the Protected Person's counsel incurred in the Protected Person's representation shall be Losses to which this indemnity extends.

6. The Province shall not agree to any settlement of a Claim on behalf of a Protected Person without the Protected Person's written consent unless (i) the terms of such settlement require only the payment of money (by persons or entities other than the Protected Person) and include an unconditional, full release of the Protected Person, and do not require a Protected Person to admit any wrongdoing or take or refrain from taking any action and (ii) the Province has indemnified the Protected Person with respect to, and held the Protected Person harmless from and against, all Losses incurred by or on behalf of the Protected Person in connection with the Claim.

7. For greater clarity, with respect to directors, officers and employees of the Corporation this indemnity shall apply only to Claim(s) that are referable to the period during which a director, officer or employee of the Corporation is actually a director, officer or employee of the Corporation and of which notice is received by the Province either during the period of time that the director, officer, or employee is a director officer, employee of the Corporation or after he or she ceases to be a director, officer, employee of the Corporation; and with respect to directors, officers and employees of the Corporation's subsidiaries, this indemnity shall only apply to Claim(s) that are referable to the period during which a director, officer or employee of a subsidiary of the Corporation is actually a director, officer or employee of that subsidiary of the Corporation, and of which notice is received by the Province either during the period of time that the director, officer, or employee is a director, officer, employee of that particular subsidiary of the Corporation or after he or she ceases to be a director, officer, employee of that subsidiary of the Corporation

8. The Province shall reimburse or advance the funds necessary for the payment of Losses incurred in connection with any Claim, including, without limitation, the investigation, monitoring, defence and appeal thereof, in advance of the final disposition of such Claim, within ninety (90) days of any request in writing by a Protected Person to the Province for such reimbursement or advance, accompanied by reasonable details and supporting documentation with respect to the Losses in respect of which such reimbursement or advance is requested, so long as the Protected Person is carrying out its obligations under section 4 of this indemnity agreement. A Protected Person shall promptly repay to the Province any advances that are ultimately in excess of amounts necessary for payment of any such Losses or for which it is judicially determined that the Protected Person is not entitled to indemnification hereunder.

9. The Province hereby waives any claim it, as the shareholder of the Corporation, could otherwise make against a Protected Person, who is an individual, whether now or in the future, relating in any way to the Corporation's, any of the Corporation's subsidiaries and/or any such Protected Person's activities, acts and/or omissions in the implementation of, or otherwise relating to, the Fair Hydro Plan (including, without limitation, where a Protected Person who is an individual is acting, at the request of the Corporation, in a different capacity than as a director, officer or employee of the Corporation or a subsidiary of the Corporation), provided that this waiver shall not apply to any claims of dishonesty, gross negligence or willful misconduct against a Protected Person who is an individual.

10. The Province represents and warrants to each Protected Person as follows and acknowledges that each Protected Person is relying on the following representations and warranties in connection with this indemnity agreement:

    (a) the Province has all necessary power, authority and capacity to enter into this indemnity agreement and to perform its obligations hereunder;

    (b) all necessary actions have been taken by the Province or on the Province's part to authorize its execution and delivery of this indemnity agreement, and without limiting the foregoing, the Province has received all necessary approvals under the *Financial Administration Act* (Ontario) (including approval of the Minister of Finance pursuant to Section 28 of the *Financial Administration Act* (Ontario)) and under the Act required for it to enter into this indemnity agreement;

    (c) this indemnity agreement has been duly executed and delivered by the Province and is a legal, valid and binding obligation of it enforceable against it in accordance with its terms, except as that enforcement may be limited by the provisions of the *Proceedings Against the Crown Act* (Ontario), subject to the application of equitable principles and that equitable remedies may be granted only in the discretion of a court of competent jurisdiction, section 11.3 of the *Financial Administration Act* (Ontario) and section 43 of the *Financial Administration Act* (Ontario).

11. It is the intention of the Province to constitute the Corporation as trustee for the Protected Persons that are not party to this indemnity agreement of the covenants, waivers, representations, warranties and obligations of the Province under this indemnity agreement and the Corporation agrees to accept such trust and to hold and enforce such covenants, representations, warranties and obligations on behalf of such Protected Persons.

12. This indemnity agreement shall be interpreted and governed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

13. The provisions of this indemnity agreement and the benefit of all covenants, waivers, representations, warranties and other obligations herein contained shall enure to the benefit of the Protected Persons and the Protected Persons' heirs, administrators, executors and assigns as applicable.

[Signature Page Follows]

NOW THEREFORE, the parties have executed this indemnity agreement effective as of the day and year first written above.

ONTARIO POWER GENERATION INC.

By: Ken Hartwick

Ken Hartwick
Chief Financial Officer and SVP - Finance

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Glenn Thibeault
Minister of Energy

NOW THEREFORE, the parties have executed this indemnity agreement effective as of the day and year first written above.

ONTARIO POWER GENERATION INC.

By: _____

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Glenn Thibeault
Minister of Energy

From:	John Kim
To:	Malle Hanslep (MOF)
Cc:	Tobias P. Whitfield (MOF); Ronald Kwan
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date:	Thursday, November 09, 2017 10:55:13 AM

That'd be my preference, for sure.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, November 09, 2017 10:45 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Thanks John. I remember working on these as well. However, I thought it would be helpful if Energy circulated the signed finals to the group.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 9, 2017 10:43 AM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kwan, Ronald (OFA)
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Hi Malle,

We were involved in getting s28 approvals for the indemnities you are referring to. While your request went to Energy to share/circulate, the attached are the final drafts we had (dated June 27, 2017).

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, November 09, 2017 10:22 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Hresa Gavaris <Hresa.Gavaris@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>

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From:	Hanslep, Malle (MOF)
To:	John Kim
Cc:	Tobias P. Whitfield (MOF); Ronald Kwan
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date:	Thursday, November 09, 2017 10:44:44 AM

Thanks John. I remember working on these as well. However, I thought it would be helpful if Energy circulated the signed finals to the group.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 9, 2017 10:43 AM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF); Kwan, Ronald (OFA)
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To:	Malle Hanslep (MOF)
Cc:	Tobias P. Whitfield (MOF); Ronald Kwan
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date:	Thursday, November 09, 2017 10:43:08 AM
Attachments:	20170626-OPG Indemnity Agreement - FINAL.DOCX 20170626-IESO Indemnity Agreement - FINAL.DOCX

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Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Hill, Krista <khill@torys.com>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

Blake, Cassels & Graydon LLP
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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****

EXECUTION VERSION

INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT effective as of this 1st day of June, 2017.

BETWEEN: **Ontario Power Generation Inc.**
(hereinafter the "**Corporation**")

OF THE FIRST PART,

Her Majesty the Queen in Right of the Province of Ontario as Represented by the Minister of Energy

(hereinafter called the "**Province**")

OF THE SECOND PART

WHEREAS the Corporation and/or one or more of its subsidiaries may or, in certain circumstances is or will be required to, carry out certain activities with respect to (i) the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), (ii) the regulations made pursuant to the Act, and/or (iii) the agreements (A) relating to any financing entity (as defined in the Act) and/or any debt issued by any such financing entity and/or (B) to which any such financing entity is a party (the Act, such regulations and agreements, collectively the "**Fair Hydro Plan**");

AND WHEREAS the Corporation, its subsidiaries and each of their respective directors, officers and employees may face risk of liability arising as a result of their respective activities, acts and/or omissions in the implementation of, or relating to, the Fair Hydro Plan.

NOW THEREFORE, in consideration of the sum of $1.00 now paid by the Corporation to the Province and other good and valuable consideration (the receipt of which is hereby acknowledged), the Province hereby agrees:

1. To indemnify, defend and save harmless the Corporation, each of the Corporation's subsidiaries (except for any such subsidiary that is a financing entity as defined in the Act) and each of their respective directors, officers, and employees (collectively the "**Protected Persons**" and individually, a "**Protected Person**") from and against all losses, costs, damages, charges, expenses, demands, liabilities, fines, penalties, judgments and/or settlement amounts directly or indirectly suffered, sustained or incurred by any Protected Person, including, without limitation, any direct, special, indirect, incidental, punitive, exemplary and/or consequential damages and/or loss of profits and damages in respect of economic loss and/or loss of opportunity, and all legal and other professional fees and out-of-pocket expenses (collectively, "**Losses**"), as a result of any civil, criminal, administrative, investigative and/or other claim, demand, action, suit, application, litigation, charge, complaint, prosecution, assessment, reassessment, investigation (formal or

informal), hearing and/or other proceeding of any nature or kind whatsoever (any of the foregoing being a "**Claim**") arising, directly or indirectly, as a result of each Protected Person's activities, acts and/or omissions in the implementation of, or otherwise relating to, the Fair Hydro Plan (including, without limitation, where a Protected Person is acting, at the request of the Corporation, in a different capacity than as a director, officer or employee of the Corporation or a subsidiary of the Corporation).

2. For greater clarity, "Corporation's subsidiaries" as used in this indemnity agreement do not include any financing entities (as defined in the Act), whether such financing entities are actually a subsidiary of the Corporation or not; and the terms "Protected Persons" or "Protected Persons" under this indemnity agreement do not include any financing entities (as defined in the Act), being a subsidiary of the Corporation or otherwise, provided that, for clarity, any such financing entities' respective directors, officers, trustees, and/or employees shall be considered "Protected Persons" if he or she is also a director, officer or employee of the Corporation or any of the Corporation's subsidiaries.

3. A Protected Person shall not be entitled to be indemnified in respect of Losses:

    (a) for which coverage is provided under an insurance policy or claims fund to the extent that such Protected Person is actually paid under such insurance policy or claims fund; or

    (b) for which other indemnities are already provided to such Protected Person to the extent that such Protected Person is actually so indemnified for those Losses by such indemnities; or

    (c) if and to the extent that a court of competent jurisdiction in a final, non-appealable judgment determines that the Claim associated with such Losses resulted from such Protected Person's dishonesty, gross negligence or willful misconduct; for greater clarity the Province acknowledges and agrees that any finding that such Protected Person failed to conduct such reasonable investigation as necessary to provide the Corporation, a subsidiary of the Corporation or a financing entity, as applicable, with reasonable grounds for believing any prospectus, registration statement, offering document or any other document filed by, or on behalf of, a financing entity under applicable securities laws contained no misrepresentation shall not in and of itself constitute "gross negligence" or "willful misconduct" for purposes of this Section 3(c) or otherwise disentitle such Protected Person from indemnification hereunder unless a court of competent jurisdiction in a final, non-appealable judgment determines that the Claim associated with such Losses resulted from the gross negligence or willful misconduct of the Protected Person claiming such indemnity, and in such circumstances, the Protected Person shall be disentitled from indemnification hereunder as a result of such Protected Person's gross negligence or willful misconduct; or

(d) in the case of a criminal or administrative action or proceeding that enforces a monetary penalty, to the extent such action or proceeding arises from circumstances in which such Protected Person did not have reasonable grounds for believing that such Protected Person's conduct was lawful.

4. Each Protected Person shall:

(a) Upon becoming aware of a Claim(s) for which such Protected Person may seek indemnification hereunder, as soon as practicable, deliver to the Province (through the Director of the Legal Services Branch of the Ministry of Energy) a notice setting forth in reasonable detail the particulars of the Claim(s);

(b) upon written request of the Province, furnish to the Province copies of any document, or provide to the Province any information, that relates to the Claim(s) that is in the possession or under the control of the Protected Person (except to the extent that provision of same would cause the Protected Person or another Protected Person to lose its entitlement to claim privilege with respect to the same);

(c) take all reasonable steps necessary to secure and preserve the rights of the Protected Person in respect of the Claim(s); and

(d) promptly take all reasonable steps to obtain indemnification or coverage, to the fullest extent possible, under insurance policies and/or under indemnities provided by the Corporation, as referred to in subsections 3(a) and (b) above.

A failure on the part of a Protected Person to take any of the actions provided in this section 4 shall not affect the rights of such Protected Person hereunder except to the extent that, as a result of such failure, the Province was actually prejudiced. A failure on the part of a Protected Person to take any of the actions provided in this section 4 shall not affect the rights of any other Protected Person.

5. The Province shall have the right to participate in or, where the Province has confirmed in writing to the applicable Protected Person(s) that all Losses in respect of a Claim will be indemnified under this indemnity agreement, assume control of the negotiation, settlement or defence of the Claim and in no event shall a Protected Person negotiate, settle, compromise or pay the Claim without the prior written consent of the Province, such consent not to be unreasonably withheld or delayed. If the Province elects to so participate in or assume control of the negotiation, settlement or defence of the Claim, the applicable Protected Person(s) shall co-operate fully with the Province in connection with the same, and each applicable Protected Person shall agree to be represented by legal counsel chosen by the Province, unless, in the opinion of such legal counsel, there would arise a conflict of interest preventing such legal counsel from representing the applicable Protected Person(s). Where it is such legal counsel's opinion that a conflict of interest prevents that legal counsel representing a Protected Person, the Protected Person will be entitled, after consultation with the Province and acting reasonably, to obtain legal counsel of the

Protected Person's choice, and the fees and expenses of the Protected Person's counsel incurred in the Protected Person's representation shall be Losses to which this indemnity extends.

6. The Province shall not agree to any settlement of a Claim on behalf of a Protected Person without the Protected Person's written consent unless (i) the terms of such settlement require only the payment of money (by persons or entities other than the Protected Person) and include an unconditional, full release of the Protected Person, and do not require a Protected Person to admit any wrongdoing or take or refrain from taking any action and (ii) the Province has indemnified the Protected Person with respect to, and held the Protected Person harmless from and against, all Losses incurred by or on behalf of the Protected Person in connection with the Claim.

7. For greater clarity, with respect to directors, officers and employees of the Corporation this indemnity shall apply only to Claim(s) that are referable to the period during which a director, officer or employee of the Corporation is actually a director, officer or employee of the Corporation and of which notice is received by the Province either during the period of time that the director, officer, or employee is a director officer, employee of the Corporation or after he or she ceases to be a director, officer, employee of the Corporation; and with respect to directors, officers and employees of the Corporation's subsidiaries, this indemnity shall only apply to Claim(s) that are referable to the period during which a director, officer or employee of a subsidiary of the Corporation is actually a director, officer or employee of that subsidiary of the Corporation, and of which notice is received by the Province either during the period of time that the director, officer, or employee is a director, officer, employee of that particular subsidiary of the Corporation or after he or she ceases to be a director, officer, employee of that subsidiary of the Corporation

8. The Province shall reimburse or advance the funds necessary for the payment of Losses incurred in connection with any Claim, including, without limitation, the investigation, monitoring, defence and appeal thereof, in advance of the final disposition of such Claim, within ninety (90) days of any request in writing by a Protected Person to the Province for such reimbursement or advance, accompanied by reasonable details and supporting documentation with respect to the Losses in respect of which such reimbursement or advance is requested, so long as the Protected Person is carrying out its obligations under section 4 of this agreement. A Protected Person shall promptly repay to the Province any advances that are ultimately in excess of amounts necessary for payment of any such Losses or for which it is judicially determined that the Protected Person is not entitled to indemnification hereunder.

9. The Province hereby waives any claim it, as the shareholder of the Corporation, could otherwise make against a Protected Person, who is an individual, whether now or in the future, relating in any way to the Corporation's, any of the Corporation's subsidiaries and/or any such Protected Person's activities, acts and/or omissions in the implementation of, or otherwise relating to, the Fair Hydro Plan (including, without limitation, where a Protected Person who is an individual is acting, at the request of the Corporation, in a different capacity than as a director, officer or employee of the Corporation or a subsidiary of the Corporation), provided that this waiver shall not apply to any claims of dishonesty, gross negligence or willful misconduct against a Protected Person who is an individual.

10. The Province represents and warrants to each Protected Person as follows and acknowledges that each Protected Person is relying on the following representations and warranties in connection with this indemnity agreement:

    (a) the Province has all necessary power, authority and capacity to enter into this indemnity agreement and to perform its obligations hereunder;

    (b) all necessary actions have been taken by the Province or on the Province's part to authorize its execution and delivery of this indemnity agreement, and without limiting the foregoing, the Province has received all necessary approvals under the *Financial Administration Act* (Ontario) (including approval of the Minister of Finance pursuant to Section 28 of the *Financial Administration Act* (Ontario)) and under the Act required for it to enter into this indemnity agreement;

    (c) this indemnity agreement has been duly executed and delivered by the Province and is a legal, valid and binding obligation of it enforceable against it in accordance with its terms, except as that enforcement may be limited by the provisions of the *Proceedings Against the Crown Act* (Ontario), subject to the application of equitable principles and that equitable remedies may be granted only in the discretion of a court of competent jurisdiction, section 11.3 of the *Financial Administration Act* (Ontario) and section 43 of the *Financial Administration Act* (Ontario).

11. It is the intention of the Province to constitute the Corporation as trustee for the Protected Persons that are not party to this indemnity agreement of the covenants, waivers, representations, warranties and obligations of the Province under this indemnity agreement and the Corporation agrees to accept such trust and to hold and enforce such covenants, representations, warranties and obligations on behalf of such Protected Persons.

12. This indemnity agreement shall be interpreted and governed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

13. The provisions of this indemnity agreement and the benefit of all covenants, waivers, representations, warranties and other obligations herein contained shall enure to the benefit of the Protected Persons and the Protected Persons' heirs, administrators, executors and assigns as applicable.

[Signature Page Follows]

NOW THEREFORE, the parties have executed this indemnity agreement effective as of the day and year first written above.

ONTARIO POWER GENERATION INC.

By: _____

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Glenn Thibeault
Minister of Energy

EXECUTION VERSION

INDEMNITY

THIS INDEMNITY effective as of this 1st day of June, 2017.

BETWEEN: **The Independent Electricity System Operator**
(hereinafter the "**Corporation**")

OF THE FIRST PART,

Her Majesty the Queen in Right of the Province of Ontario as Represented by the Minister of Energy

(hereinafter called the "**Province**"),

OF THE SECOND PART

WHEREAS the Corporation, and its directors, officers and/or employees, may, or in certain circumstances are or will be required to carry out certain activities with respect to (i) the implementation of *the Ontario Fair Hydro Plan Act, 2017* (the "Act"), (ii) the regulations made pursuant to the Act; and/or (iii) any agreements relating to the implementation of the Act or regulations, including with any financing entity (as defined in the Act), (the Act, such regulations and agreements, collectively referred to as the "Fair Hydro Plan");

AND WHEREAS the Corporation, and its directors, officers and/or employees may face risk of liability arising as a result of their respective activities, acts and/or omissions in the implementation of, or relating to, the Fair Hydro Plan;

NOW THEREFORE, in consideration of the sum of $1.00 now paid by the Corporation to the Province and other good and valuable consideration (the receipt of which is hereby acknowledged), the Province hereby agrees:

1. to indemnify, defend, and save harmless the Corporation and its directors, officers, and employees or a member of a committee or panel established by the directors of the Corporation (collectively the "Protected Persons" and individually, a "Protected Person") from and against all losses, costs, damages, charges, expenses, demands, liabilities, fines, penalties, judgments and/or settlement amounts directly or indirectly suffered, sustained or incurred by any Protected Person, including any special, indirect, incidental, punitive, exemplary and/or consequential damages and/or loss of profits and damages in respect of economic loss and/or loss of opportunity, and all legal and other professional fees and out-of-pocket expenses (collectively, "Losses"), as a result of any civil, criminal, administrative, investigative and/or other claim, demand, action, suit, application, litigation, charge, complaint, prosecution, assessment, reassessment, investigation

(formal or informal), hearing and/or other proceeding of any nature or kind whatsoever (any of the foregoing being a "Claim") arising, directly or indirectly, as a result of the Protected Person's activities, acts and/or omissions in the implementation of, or otherwise relating to, the Fair Hydro Plan.

2. A Protected Person shall not be entitled to be indemnified in respect of such Protected Person's Losses, or a portion thereof:

    (a) for which coverage is provided under an insurance policy or claims fund to the extent that such Protected Person is actually paid under such insurance policy or claims fund; or

    (b) for which other indemnities are already provided to a Protected Person to the extent that the Protected Person is actually so indemnified for those Losses by such indemnities; or

    (c) that are a result of such Protected Person's dishonesty, gross negligence or willful misconduct, but only if such dishonesty, gross negligence or willful misconduct on the Protected Person's part has been established by a final and non-appealable judgment or other final adjudication adverse to the Protected Person; for greater clarity the Province acknowledges and agrees that any finding that a Protected Person failed to conduct such reasonable investigation as necessary to provide the Corporation with reasonable grounds for believing any prospectus, registration statement, offering document or any other document filed by, or on behalf of, a financing entity under applicable securities laws, or any information provided to a financing entity in relation thereto, contained no misrepresentation shall not in and of itself constitute "gross negligence" or "willful misconduct" for purposes of this Section 2(c) or otherwise disentitle a Protected Person from indemnification hereunder unless a court of competent jurisdiction in a final, non-appealable judgment determines that the Claim associated with such Losses resulted from the gross negligence or willful misconduct of the Protected Person claiming such indemnity, and in such circumstances, the Protected Person shall be disentitled from indemnification hereunder as a result of such Protected Person's gross negligence or willful misconduct; or

    (d) in the case of a criminal or administrative action or proceeding that enforces a monetary penalty, if such action or proceeding arises from any circumstances in which a Protected Person did not have reasonable grounds for believing, and/or was reckless as to their belief, that the Protected Person's conduct was lawful in the case of a criminal or administrative action or proceeding that enforces a monetary penalty.

3. Each Protected Person shall:

(a) upon becoming aware of a Claim for which such Protected Person may seek indemnification hereunder, as soon as practicable deliver to the Province (through the Director of the Legal Services Branch of the Ministry of Energy) a notice setting forth in reasonable detail the particulars of the Claim(s);

(b) upon written request of the Province, acting reasonably, furnish to the Province copies of any document, or provide to the Province any information that relates to the Claim(s) that is in the possession or under the control of the Protected Person (except to the extent that provision of same would cause the Protected Party to lose its entitlement to claim privilege with respect to the same);

(c) take all reasonable steps necessary to secure and preserve the rights of the Protected Person in respect of the Claim; and

(d) promptly take all reasonable steps to obtain indemnification or coverage to the fullest extent possible under insurance policies or claims funds, or under indemnities provided by the Corporation, that are referred to in subsections 2(a) or (b) above.

A failure on the part of a Protected Person to take any of the actions provided in this section 3 shall not affect the rights of such Protected Person except to the extent that, as a result of such failure, the Province was actually prejudiced. A failure on the part of a Protected Person to take any of the actions provided in this section 3 shall not affect the rights of any other Protected Person.

4. The Province shall have the right to participate in or assume control of the negotiation, settlement or defence of the Claim(s) and in no event shall a Protected Person negotiate, settle, compromise or pay the Claim(s) without the prior written consent of the Province, such consent not to be unreasonably withheld or delayed. If the Province elects to so participate in or assume control of the negotiation, settlement or defence of the Claim(s), the applicable Protected Person(s) shall co-operate fully with the Province in connection with the same, and each applicable Protected Person shall agree to be represented by legal counsel chosen by the Province, unless, in the opinion of such legal counsel, there would arise a conflict of interest preventing such legal counsel from representing the applicable Protected Person. Where it is such legal counsel's opinion that a conflict of interest prevents that legal counsel representing a Protected Person, the Protected Person will be entitled, after consultation with the Province and acting reasonably, to obtain legal counsel of the Protected Person's choice, and the fees and expenses of the Protected Person's counsel incurred in the Protected Person's representation shall be Losses to which this indemnity extends.

5. The Province shall not agree to any settlement of a Claim on behalf of a Protected Person without the Protected Person's written consent unless (i) the terms of such settlement require only the payment of money (by persons or entities other than the Protected Person) and include an unconditional, full release of the Protected Person, and do not require a Protected Person to admit any wrongdoing or take or refrain from taking any action and (ii) the Province has indemnified

the Protected Person with respect to, and held the Protected Person harmless from and against, all Losses incurred by or on behalf of the Protected Person in connection with the Claim.

6. For greater clarity, with respect to directors, officers and employees of the Corporation this indemnity shall only apply to Claim(s) that are referable to the period during which a director, officer or employee of the Corporation is actually a director, officer or employee (respectively) of the Corporation, and of which notice is received by the Province either during the period of time that the director, officer, or employee is a director officer, employee of the Corporation or after he or she ceases to be a director, officer, employee of the Corporation.

7. The Province shall reimburse or advance the funds necessary for the payment of Losses incurred in connection with a Claim, including without limitation, the investigation, monitoring, defence and appeal thereof, in advance of the final disposition of such Claim, within ninety (90) days of the Protected Person completing all steps outlined in paragraph 3 of this indemnity agreement. The Protected Person shall promptly repay forthwith to the Province any advances that are ultimately in excess of amounts necessary for payment of any such Losses or for which it is judicially determined that the Protected Person is not entitled to indemnification hereunder.

8. The Province hereby waives any claim it could otherwise make against a Protected Person who is an individual, whether now or in the future, relating in any way to the Corporation's and/or any such Protected Person's activities, acts and/or omissions in the implementation of, or otherwise relating to, the Fair Hydro Plan (including, without limitation, where a Protected Person who is an individual is acting, at the request of the Corporation, in a different capacity than as a director, officer or employee of the Corporation), provided that this waiver shall not apply to claims of gross negligence, dishonesty, or willful misconduct against a Protected Person who is an individual.

9. The Province represents and warrants to each Protected Person as follows and acknowledges that each Protected Person is relying on the following representations and warranties in connection with this indemnity agreement:

    (a) the Province has all necessary power, authority and capacity to enter into this indemnity agreement and to perform its obligations hereunder;

    (b) all necessary actions have been taken by the Province or on the Province's part to authorize its execution and delivery of this indemnity agreement, and without limiting the foregoing, the Province has received all necessary approvals under the *Financial Administration Act* (Ontario) required for it to enter into this indemnity agreement;

    (c) this indemnity agreement has been duly executed and delivered by the Province and is a legal, valid and binding obligation of it enforceable against it in accordance with its terms, except as that enforcement may be limited by the provisions of the *Proceedings Against the Crown Act* (Ontario), to the application of equitable principles and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction; section 11.3 of the *Financial*

Administration Act (Ontario); and section 43 of the *Financial Administration Act* (Ontario).

10. It is the intention of the Province to constitute the Corporation as trustee for the Protected Persons that are not party to this indemnity agreement of the covenants and obligations of the Province under this indemnity agreement and the Corporation agrees to accept such trust and to hold and enforce such covenants and obligations on behalf of such Protected Persons.

11. This indemnity agreement shall be interpreted and governed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

12. The provisions of this indemnity agreement and the benefit of all covenants and obligations herein contained shall enure to the benefit of the Protected Persons and the Protected Persons' heirs, administrators, executors and assigns as applicable.

[Signature Page Follows]

NOW THEREFORE, the parties have executed this indemnity agreement effective as of the day and year first above written.

THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Glenn Thibeault
Minister of Energy

From:	Hanslep, Malle (MOF)
To:	Tobias P. Whitfield (MOF); Anna Strathy; Gadi Mayman; Ken Kandeepan; Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Hresa Gavaris; John Psinas; Steen Hume (CAB); Scott Nelms (ENERGY)
Cc:	"stephen.ashbourne@blakes.com"; Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date:	Thursday, November 09, 2017 10:22:02 AM

Also, I notice that there is reference in the Process Agreement's changes to the Province's indemnity agreement in favour of OPG dated June 1, 2017. Could Energy circulate that agreement to the group? Thank you.

Malle

From: Whitfield, Tobias P. (MOF)
Sent: November 9, 2017 10:16 AM
To: Strathy, Anna (OFA); Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Veinot, Cindy (TBS); Manning, Mike (OFA); Kwan, Ronald (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); Gavaris, Hresa (OFA); John Psinas; Hume, Steen (ENERGY); Nelms, Scott (MOF)
Cc: 'stephen.ashbourne@blakes.com'; Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

I was mistaken in my first email – the comments attached in my earlier email are consolidated comments from the Dealer's Counsel AND OPG's counsel (Osler's and Tory's).

Best,
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: November 9, 2017 10:04 AM
To: Strathy, Anna (OFA); Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Veinot, Cindy (TBS); Manning, Mike (OFA); Kwan, Ronald (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); Gavaris, Hresa (OFA); 'John Psinas'; Hume, Steen (ENERGY); Nelms, Scott (MOF)
Cc: 'stephen.ashbourne@blakes.com'; Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Subject: FW: Change of Law Protection Agreement and Change of Law Process Agreement

Please find attached the Dealer's Counsel's comments on the Change of Law Protection Agreement and the Change of Law Process Agreement. Note that we have not yet received comments from OPG and these are only the Dealer's comments.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: November 9, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; JON.VINER@blakes.com; JA.PRESTAGE@blakes.com; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY)
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.

The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.

Regards, Rocco

OSLER

Rocco Sebastiano
Partner

416.862.5859 DIRECT
416.862.6666 FACSIMILE
rsebastiano@osler.com

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Hill, Krista <khill@torys.com>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>;

tom.mckinlay@ontario.ca; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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199 Bay Street, Suite 4000, Toronto ON M5L 1A9
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****

From:	Whitfield, Tobias P. (MOF)
To:	Anna Strathy; Gadi Mayman; Ken Kandeepan; Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Hresa Gavaris; John Psinas; Steen Hume (CAB); Scott Nelms (ENERGY)
Cc:	"stephen.ashbourne@blakes.com"; Malle Hanslep (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date:	Thursday, November 09, 2017 10:15:52 AM

I was mistaken in my first email – the comments attached in my earlier email are consolidated comments from the Dealer's Counsel AND OPG's counsel (Osler's and Tory's).

Best,
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: November 9, 2017 10:04 AM
To: Strathy, Anna (OFA); Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Veinot, Cindy (TBS); Manning, Mike (OFA); Kwan, Ronald (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); Gavaris, Hresa (OFA); 'John Psinas'; Hume, Steen (ENERGY); Nelms, Scott (MOF)
Cc: 'stephen.ashbourne@blakes.com'; Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Subject: FW: Change of Law Protection Agreement and Change of Law Process Agreement

Please find attached the Dealer's Counsel's comments on the Change of Law Protection Agreement and the Change of Law Process Agreement. Note that we have not yet received comments from OPG and these are only the Dealer's comments.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: November 9, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; JON.VINER@blakes.com; JA.PRESTAGE@blakes.com; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY)
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

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Regards, Rocco

OSLER

Rocco Sebastiano
Partner

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rsebastiano@osler.com

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Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Hill, Krista <khill@torys.com>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

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In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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****

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman
Cc:	Ken Kandeepan; Mike Manning; Ronald Kwan; Tobias P. Whitfield (MOF); Michael Waterston (MOF); Anna Strathy
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Tuesday, November 21, 2017 10:01:43 AM

Given the follow up email from Torys proposing changes to the structure of the agreements and the other comments on the agreements, have the dealers been asked to provide their written explanation as set out below as all the requested changes seem predicated on this point.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 21, 2017 8:13 AM
To: Hanslep, Malle (MOF)
Cc: Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF); Waterston, Michael (MOF); Strathy, Anna (OFA)
Subject: Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

As I may not be able to join the call this morning, I thought I'd share my view: if this truly is an issue for marketing the bonds to investors, it would be significant from their perspective. Mike and I don't yet understand why it would be, so it is up to the underwriters, or their counsel, to provide us with a written, not oral, explanation as to why it would be. If they are not prepared to put their reasons in a short, plain English, form, I'm not prepared to accept their request.

Gadi

On Nov 21, 2017, at 8:04 AM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Energy (both policy and legal) staff and OPCD should be on any call to discuss this, as well.
>
> Thanks,
> Gadi
>
> On Nov 21, 2017, at 8:00 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>
> > I think that it would be useful to discuss next steps here given Torys email below. According to Torys some of this reflects discussions they had with dealers counsel on the weekend and contacted me to have call to give more context. However I would like to discuss this with you as this seems to be quite a significant change to what we were discussing on Monday and our most recent draft. If we have a call maybe it should be the whole group and include Blakes.
> >
> > Malle
> >
> > Sent from my BlackBerry 10 smartphone on the Rogers network.
> > From: Mansoori, Nina <nmansoori@torys.com>
> > Sent: Monday, November 20, 2017 14:06

To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY)
Cc: 'dup-john.s.lee@opg.com'; 'leslie.wong@opg.com'; 'sheen.liu@opg.com'; 'tyler.mcauley@opg.com'; 'clara.greco@opg.com'; 'matthew.go@opg.com'; 'anthea.yao@opg.com'; 'jenny.jorda@opg.com'; 'stuart.preston@opg.com'; 'john.drewniak@opg.com'; 'j.hahnparker@opg.com'; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Hunter, Rosalind; 'Alvi, Shariq'; Innes, Michael; 'Stoddart, Jesse - Debt Capital Markets'; 'Rix, Lindsey - Legal'; 'Hume, Tyler'; 'Daou, Hadi'; 'Persad, Nicole'; Olusoga, Yinka; Saulnier, Brett; 'mfitzpatrick@hunton.com'; 'aobrian@hunton.com'; Watson, Gwen; Johnson, Richard; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; 'Adalja, Sunil'; 'Persaud, Donnie - Debt Capital Markets'; Sebastiano, Rocco; 'Maciel, Andrew'; 'Benaiah, Ian'; 'Khan, Nur'; ''Niehaus, Katrina' (Katrina.Niehaus@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'; 'Conner, Robbin'; 'Milligan, Peter'; Sebastiano, Rocco; Fullerton, Rick; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett; Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

All – please find attached consolidated comments on the Process Agreement and the Protection Agreement blacklined to the drafts circulated by Blakes on Friday. We understand that the current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Accordingly, the dealers and OPG would like to discuss with the Province the possibility of moving the adherence conditions to the Process Agreement while preserving the Province's oversight of its obligations under the Protection Agreement. We will provide a proposal on that basis to discuss with the Province. Please note that the attached remains subject to the comments of the working group and the rating agencies.

Best Regards,
Nina
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada |
www.torys.com[torys.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-

vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >

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<Blackline_ProtectionAgreement.pdf>

<Blackline_ProcessAgreement.pdf>

<CLPA - Protection Agreement (COMMENTS).docx>

<CLPA - Process Agreement (COMMENTS).docx>

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From:	Mansoori, Nina
To:	Gadi Mayman; Malle Hanslep (MOF); "ASHBOURNE, STEPHEN"; Tobias P. Whitfield (MOF); Ken Kandeepan; Mike Manning; Ronald Kwan; "Thouin, Alena (ENERGY)"; Tom McKinlay (MAG); "VINER, JON"; "PRESTAGE, JA"; Daniel Cayley (ENERGY)
Cc:	"dup-john.s.lee@opg.com"; "leslie.wong@opg.com"; "sheen.liu@opg.com"; "tyler.mcauley@opg.com"; "clara.greco@opg.com"; "matthew.go@opg.com"; "anthea.yao@opg.com"; "jenny.jorda@opg.com"; "stuart.preston@opg.com"; "john.drewniak@opg.com"; "j.hahnparker@opg.com"; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; "Hunter, Rosalind"; "Alvi, Shariq"; "Innes, Michael"; "Stoddart, Jesse - Debt Capital Markets"; "Rix, Lindsey - Legal"; "Hume, Tyler"; "Daou, Hadi"; "Persad, Nicole"; Olusoga, Yinka; Saulnier, Brett; "mfitzpatrick@hunton.com"; "aobrian@hunton.com"; Watson, Gwen; Johnson, Richard; "Smith, Elliot"; "King, Richard"; "Royer, Kate"; "Hughes, Timothy"; "Adalja, Sunil"; "Persaud, Donnie - Debt Capital Markets"; "Sebastiano, Rocco"; "Maciel, Andrew"; "Benaiah, Ian"; "Khan, Nur"; ""Niehaus, Katrina" (Katrina.Niehaus@gs.com)"; "Delaney, Brian (Brian.Delaney@gs.com)"; "Conner, Robbin"; "Milligan, Peter"; "Sebastiano, Rocco"; "Fullerton, Rick"; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Tuesday, November 21, 2017 8:54:08 AM
Attachments:	Protection Agr Email Text.docx

All – further to my note below, please find attached our proposal on the change of law agreement referenced below. We can make ourselves available to discuss as soon as possible. Can the Province and Blakes confirm their availability for a time to discuss today? Thank you,

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
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Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Mansoori, Nina
Sent: November-20-17 2:06 PM
To: Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca>
Cc: 'dup-john.s.lee@opg.com' <john.s.lee@opg.com>; 'leslie.wong@opg.com' <leslie.wong@opg.com>; 'sheen.liu@opg.com' <sheen.liu@opg.com>; 'tyler.mcauley@opg.com' <tyler.mcauley@opg.com>; 'clara.greco@opg.com' <clara.greco@opg.com>; 'matthew.go@opg.com' <matthew.go@opg.com>; 'anthea.yao@opg.com' <anthea.yao@opg.com>; 'jenny.jorda@opg.com' <jenny.jorda@opg.com>; 'stuart.preston@opg.com' <stuart.preston@opg.com>; 'john.drewniak@opg.com' <john.drewniak@opg.com>; 'j.hahnparker@opg.com' <j.hahnparker@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Emes, Aaron <aemes@torys.com>; Hunter, Rosalind <RHunter@osler.com>; 'Alvi, Shariq' <Shariq.Alvi@cibc.com>; Innes, Michael <MInnes@osler.com>; 'Stoddart, Jesse - Debt Capital Markets' <Jesse.Stoddart@cibc.com>; 'Rix, Lindsey - Legal' <Lindsey.Rix@cibc.com>; 'Hume, Tyler' <Tyler.Hume@cibc.com>; 'Daou, Hadi' <Hadi.Daou@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; Olusoga, Yinka <yolusoga@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; 'mfitzpatrick@hunton.com' <mfitzpatrick@hunton.com>; 'aobrian@hunton.com' <aobrian@hunton.com>; Watson, Gwen <gwatson@torys.com>; Johnson, Richard <rjohnson@torys.com>; Smith, Elliot

<ESmith@osler.com>; King, Richard <rking@osler.com>; Royer, Kate <KRoyer@osler.com>; Hughes, Timothy <THughes@osler.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Sebastiano, Rocco <RSebastiano@osler.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>; 'Khan, Nur' <nur.khan@rbccm.com>; ''Niehaus, Katrina' (Katrina.Niehaus@gs.com)' <Katrina.Niehaus@gs.com>; 'Delaney, Brian (Brian.Delaney@gs.com)' <Brian.Delaney@gs.com>; 'Conner, Robbin' <Robbin.Conner@gs.com>; 'Milligan, Peter' <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Olusoga, Yinka <yolusoga@torys.com>; Emes, Aaron <aemes@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

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Best Regards,
Nina

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*****

We have been discussing the Change of Law Protection and Process Agreements with the dealers and their counsel, and there continues to be a strong desire to try and simplify the Protection Agreement as best we can to make it absolutely clear to investors that once debt has been issued they have the benefit of the change of law protection agreement for any amounts owing under the term of that debt. The Adherence Conditions in the Protection Agreement, in particular, are causing some concerns because these are not straight forward provisions that make it absolutely clear when an obligation actually constitutes an Approved Obligation. We have gone part way to address these concerns by including the language that says a certificate can be relied upon once issued by OPG, and by creating two agreements and including all of the "back office" deliverables and oversight mechanics in the Process Agreement between the Province and OPG. But we would like to complete this simplification and really make this a non-issue for investors and OPG, while at the same time leaving the Province in effectively the same position as it currently is in under the agreements.

To that end, here is our proposal:

- The Change of Law Protection Agreement would apply to all Funding Obligations or that otherwise is a payment obligation of the Trust that gives rise to a Finance Amount. We don't view this as a substantive change because currently "Primary Obligations" includes all Funding Obligations and everything that constitutes a Finance Amount (subject to limited carve-outs that apply to the Limited Guarantee, which we have preserved below).

- The Limited Guarantee would capture all Funding Obligations or that otherwise is a payment obligation of the Trust that gives rise to a Finance Amount, excluding any amounts required to be deposited into capital and reserve accounts, amounts that would be remaining amounts of Available Collections required to be held in the Collection Account and any obligation to pay the Trust for remaining amounts of Available Collections. These are the same carve-outs to the definition of "Primary Obligations" so we do not view this as a substantive change.

- The Adherence Conditions would be moved from the Change of Law Protection Agreement and into the Change of Law Process Agreement. We don't view this as a change of significance. The Province would continue to have assurance that the Adherence Conditions are satisfied.

- The Province would have the right to suspend application of the Change of Law Protection Agreement at any time and for any reason by delivery of a Suspension Notice to the indenture trustee/the Trust/the FSM. Following suspension, the Change of Law Protection Agreement would continue to apply to all Primary Obligations of the Trust other than new Funding Obligations relating to the incurrence of debt by the Trust provided that refinancings of existing Funding Obligations would not be considered to be new Funding Obligations. The potential existence of drawn amounts in the warehouse facility when the suspension commences makes the continued availability of refinancings on a protected basis important. This would give the Province a much broader right to suspend application of the agreement than it currently has (suspension rights are currently limited to a breach by OPG of the Process Agreement or an acceleration of debt). As the Province will continue to have the benefit of all of the reporting required from OPG in the Process Agreement and comfort that the Adherence Conditions are required to be satisfied, we think this

gives the Province significant comfort that they will have control over the potential scope of their protected obligations.

- After suspension, the Trust could issue new Funding Obligations relating to the incurrence of debt by the Trust that are not covered by the Protection Agreement if their issuance was approved by the Specified Creditors of the Trust. Although this would be a theoretical possibility, we believe it is unlikely there will be a market for non-protected debt. We understand that retaining this flexibility may be an important factor from an accounting perspective.

Rima Ramchandani

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman
Cc:	Ken Kandeepan; Mike Manning; Ronald Kwan; Tobias P. Whitfield (MOF); Michael Waterston (MOF); Anna Strathy
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Tuesday, November 21, 2017 8:36:47 AM

Steve will be sending a mark-up of the two agreements to us shortly for our review.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 21, 2017 8:13 AM
To: Hanslep, Malle (MOF)
Cc: Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF); Waterston, Michael (MOF); Strathy, Anna (OFA)
Subject: Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

As I may not be able to join the call this morning, I thought I'd share my view: if this truly is an issue for marketing the bonds to investors, it would be significant from their perspective. Mike and I don't yet understand why it would be, so it is up to the underwriters, or their counsel, to provide us with a written, not oral, explanation as to why it would be. If they are not prepared to put their reasons in a short, plain English, form, I'm not prepared to accept their request.

Gadi

On Nov 21, 2017, at 8:04 AM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Energy (both policy and legal) staff and OPCD should be on any call to discuss this, as well.
>
> Thanks,
> Gadi
>
> On Nov 21, 2017, at 8:00 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>
> > I think that it would be useful to discuss next steps here given Torys email below. According to Torys some of this reflects discussions they had with dealers counsel on the weekend and contacted me to have call to give more context. However I would like to discuss this with you as this seems to be quite a significant change to what we were discussing on Monday and our most recent draft. If we have a call maybe it should be the whole group and include Blakes.
> >
> > Malle
> >
> > Sent from my BlackBerry 10 smartphone on the Rogers network.
> > From: Mansoori, Nina <nmansoori@torys.com>
> > Sent: Monday, November 20, 2017 14:06
> > To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena

(ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY)
Cc: 'dup-john.s.lee@opg.com'; 'leslie.wong@opg.com'; 'sheen.liu@opg.com'; 'tyler.mcauley@opg.com'; 'clara.greco@opg.com'; 'matthew.go@opg.com'; 'anthea.yao@opg.com'; 'jenny.jorda@opg.com'; 'stuart.preston@opg.com'; 'john.drewniak@opg.com'; 'j.hahnparker@opg.com'; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Hunter, Rosalind; 'Alvi, Shariq'; Innes, Michael; 'Stoddart, Jesse - Debt Capital Markets'; 'Rix, Lindsey - Legal'; 'Hume, Tyler'; 'Daou, Hadi'; 'Persad, Nicole'; Olusoga, Yinka; Saulnier, Brett; 'mfitzpatrick@hunton.com'; 'aobrian@hunton.com'; Watson, Gwen; Johnson, Richard; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; 'Adalja, Sunil'; 'Persaud, Donnie - Debt Capital Markets'; Sebastiano, Rocco; 'Maciel, Andrew'; 'Benaiah, Ian'; 'Khan, Nur'; "Niehaus, Katrina' (Katrina.Niehaus@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'; 'Conner, Robbin'; 'Milligan, Peter'; Sebastiano, Rocco; Fullerton, Rick; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett; Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

All – please find attached consolidated comments on the Process Agreement and the Protection Agreement blacklined to the drafts circulated by Blakes on Friday. We understand that the current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Accordingly, the dealers and OPG would like to discuss with the Province the possibility of moving the adherence conditions to the Process Agreement while preserving the Province's oversight of its obligations under the Protection Agreement. We will provide a proposal on that basis to discuss with the Province. Please note that the attached remains subject to the comments of the working group and the rating agencies.

Best Regards,
Nina
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada |
www.torys.com[torys.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >
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<Blackline_ProtectionAgreement.pdf>

<Blackline_ProcessAgreement.pdf>

<CLPA - Protection Agreement (COMMENTS).docx>

<CLPA - Process Agreement (COMMENTS).docx>

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From:	Mike Manning
To:	Gadi Mayman; Ken Kandeepan; Ronald Kwan
Cc:	Anna Strathy
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Monday, November 20, 2017 2:31:45 PM

Looking & talking to lawyers, could be a problem. Will get back.
Mike

From: Gadi Mayman
Sent: Monday, November 20, 2017 2:16 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fwd: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

Is this a small ask, or does it undermine the progress that we'd thought we'd made when we met at noon?

Gadi

Begin forwarded message:

> **From:** "Mansoori, Nina" <nmansoori@torys.com>
> **Date:** November 20, 2017 at 2:05:34 PM EST
> **To:** "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>, "Cayley, Daniel (ENERGY)" <Daniel.Cayley@ontario.ca>
> **Cc:** "'dup-john.s.lee@opg.com'" <john.s.lee@opg.com>, "'leslie.wong@opg.com'" <leslie.wong@opg.com>, "'sheen.liu@opg.com'" <sheen.liu@opg.com>, "'tyler.mcauley@opg.com'" <tyler.mcauley@opg.com>, "'clara.greco@opg.com'" <clara.greco@opg.com>, "'matthew.go@opg.com'" <matthew.go@opg.com>, "'anthea.yao@opg.com'" <anthea.yao@opg.com>, "'jenny.jorda@opg.com'" <jenny.jorda@opg.com>, "'stuart.preston@opg.com'" <stuart.preston@opg.com>, "'john.drewniak@opg.com'" <john.drewniak@opg.com>, "'j.hahnparker@opg.com'" <j.hahnparker@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, "Ramchandani, Rima" <rramchandani@torys.com>, "Emes, Aaron" <aemes@torys.com>, "Hunter, Rosalind" <RHunter@osler.com>, "'Alvi, Shariq'"

<Shariq.Alvi@cibc.com>, "Innes, Michael" <MInnes@osler.com>, "'Stoddart, Jesse - Debt Capital Markets'" <Jesse.Stoddart@cibc.com>, "'Rix, Lindsey - Legal'" <Lindsey.Rix@cibc.com>, "'Hume, Tyler'" <Tyler.Hume@cibc.com>, "'Daou, Hadi'" <Hadi.Daou@cibc.com>, "'Persad, Nicole'" <Nicole.Persad@cibc.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "'mfitzpatrick@hunton.com'" <mfitzpatrick@hunton.com>, "'aobrian@hunton.com'" <aobrian@hunton.com>, "Watson, Gwen" <gwatson@torys.com>, "Johnson, Richard" <rjohnson@torys.com>, "Smith, Elliot" <ESmith@osler.com>, "King, Richard" <rking@osler.com>, "Royer, Kate" <KRoyer@osler.com>, "Hughes, Timothy" <THughes@osler.com>, "'Adalja, Sunil'" <Sunil.Adalja@cibc.com>, "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "'Maciel, Andrew'" <Andrew.Maciel@cibc.com>, "'Benaiah, Ian'" <ian.benaiah@rbccm.com>, "'Khan, Nur'" <nur.khan@rbccm.com>, "''Niehaus, Katrina' (Katrina.Niehaus@gs.com)'" <Katrina.Niehaus@gs.com>, "'Delaney, Brian (Brian.Delaney@gs.com)'" <Brian.Delaney@gs.com>, "'Conner, Robbin'" <Robbin.Conner@gs.com>, "'Milligan, Peter'" <PMilligan@osler.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "Fullerton, Rick" <RFullerton@osler.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Emes, Aaron" <aemes@torys.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "Mansoori, Nina" <nmansoori@torys.com>

Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

All – please find attached consolidated comments on the Process Agreement and the Protection Agreement blacklined to the drafts circulated by Blakes on Friday. We understand that the current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Accordingly, the dealers and OPG would like to discuss with the Province the possibility of moving the adherence conditions to the Process Agreement while preserving the Province's oversight of its obligations under the Protection Agreement. We will provide a proposal on that basis to discuss with the Province. Please note that the attached remains subject to the comments of the working group and the rating agencies.

Best Regards,
Nina

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

From:	Mansoori, Nina
To:	Gadi Mayman; Malle Hanslep (MOF); ASHBOURNE, STEPHEN; Tobias P. Whitfield (MOF); Ken Kandeepan; Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); VINER, JON; PRESTAGE, JA; Daniel Cayley (ENERGY)
Cc:	"dup-john.s.lee@opg.com"; "leslie.wong@opg.com"; "sheen.liu@opg.com"; "tyler.mcauley@opg.com"; "clara.greco@opg.com"; "matthew.go@opg.com"; "anthea.yao@opg.com"; "jenny.jorda@opg.com"; "stuart.preston@opg.com"; "john.drewniak@opg.com"; "j.hahnparker@opg.com"; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Hunter, Rosalind; "Alvi, Sharig"; Innes, Michael; "Stoddart, Jesse - Debt Capital Markets"; "Rix, Lindsey - Legal"; "Hume, Tyler"; "Daou, Hadi"; "Persad, Nicole"; Olusoga, Yinka; Saulnier, Brett; "mfitzpatrick@hunton.com"; "aobrian@hunton.com"; Watson, Gwen; Johnson, Richard; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; "Adalja, Sunil"; "Persaud, Donnie - Debt Capital Markets"; Sebastiano, Rocco; "Maciel, Andrew"; "Benaiah, Ian"; "Khan, Nur"; ""Niehaus, Katrina" (Katrina.Niehaus@gs.com)"; "Delaney, Brian (Brian.Delaney@gs.com)"; "Conner, Robbin"; "Milligan, Peter"; Sebastiano, Rocco; Fullerton, Rick; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett; Mansoori, Nina
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Monday, November 20, 2017 2:06:41 PM
Attachments:	Blackline_ProtectionAgreement.pdf Blackline_ProcessAgreement.pdf CLPA - Protection Agreement (COMMENTS).docx CLPA - Process Agreement (COMMENTS).docx

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[1]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Torys and Blakes to discuss signatory on behalf of the Trust. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would propose to do the same on the change of law agreement.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1][2], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2][3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

[1][2] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2][3] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

~~OPG and the Province will concurrently enter into the Process Agreement, under which OPG will agree to perform certain activities and to provide certain assurances in relation to this Agreement, on which the Province will rely.~~

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[34].

[34] With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is one circumstance that demonstrates why the Province needs the right to know about and consider all underlying amendments.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the **Province, the** Indenture Trustee, the Financing Entity, the Financing Entity Trustee**, the Manager** or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. **[The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.]** **[NTD: this is unusual. Why is it necessary in this Agreement?]**

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days

comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than [3] Business Days prior to each ~~Payment Date~~**day when any payment or payments are to be made in respect of one or more Approved Obligations** occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date **(a "Guarantee Payment Date")**[5], if any, the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such **Guarantee** Payment Date, together with a detailed description identifying such Approved Obligations~~,~~ **and** the nature and amount of payments due and payable thereunder on the **Guarantee** Payment Date~~, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder~~.

ii. On each such **Guarantee** Payment Date, the Province shall pay the Aggregate Approved Obligations Amount ~~[~~to the Indenture Trustee and the Indenture Trustee~~]~~[4] shall deposit such amount to the Protection Account.

[5] **PM: Interest Payment Dates and Principal Payment Dates are set in the supplements. While the present intention is to set them on Payment Dates, there is no guarantee that will always be the case.**

[4] ~~Confirm payment mechanics. Consider direct deposit. Confirm that no set-off if pay through indenture trustee.~~

iii. On each such **Guarantee** Payment Date, ~~[the Financing Entity shall cause] the Paying Agent~~[5] ~~[to]~~**the Indenture Trustee** shall apply all amounts on deposit in the Protection Account to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the **Guarantee** Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such **Guarantee** Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the **Guarantee** Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the ~~applicable~~ payment provisions of the Trust Indenture applicable to the making of such payments on the **Guarantee** Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any **Guarantee** Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture ~~and subject to Section 2.04(b)~~, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such **Guarantee** Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such **Guarantee** Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the **Guarantee** Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the **Guarantee** Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to

[5] ~~To be effective, will need to add the Paying Agent as a party to this agreement.~~

[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.

the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any **Guarantee** Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount ~~on~~ remaining **on** deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the **Guarantee** Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the **Guarantee** Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the ~~payment amounts~~**Approved Obligation Amounts**, if any, and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[7] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8] shall apply all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the

[7] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

Approved Obligation to the extent so paid[10]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by

[10] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Inden ture Trustee under this Agreement.

settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with ~~Section 6.03 or~~ Section **6.03 or Section** 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

[11] The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequat e notices of these event under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied [at the time the Primary Obligation was incurred][12].

4.02 Adherence Conditions[12]

[There shall be no Adherence Conditions applicable in relation to**: (i)** a Primary Obligation that is not a Funding Obligation **or (ii) a Primary Obligation that (x) arises under a Derivative Agreement, or (x) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity**.][13] The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation **that does provide for the advance of more than $■ to the Financing Entity**:

(a) the Primary Obligation ~~is contemplated~~**when incurred will be an Obligation Secured** under the Trust Indenture ~~as an Obligation Secured~~; and

(b) ~~the FSM~~**either (x) OPG** delivers ~~a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and~~**an officer's certificate** addressed to the Indenture Trustee, prior to the ~~earlier of (i) one Business Day prior to the incurrence [or any amendment][14] of the Primary Obligation, and (ii) [one Business Day after] [on] the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities)~~**entering into of the related Funding Obligation Agreement**, confirming that OPG has ~~delivered to the Province a Process Certificate in~~

[12] ~~Still under consideration. Tied to the discussion around authorized "amendments".~~

[12] The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[13] ~~Under consideration by the Province. Province is comfortable that immaterial (<1M) obligations need not be subject to these adherence provisions.~~

[14] ~~Still under consideration. Tied to the discussion around authorized "amendments".~~

accordance with Section [3.01] of the Process Agreement**complied with its obligations to the Province in connection with the Primary Obligation, or (y) OPG has in fact complied with its obligations to the Province in connection with the Primary Obligation**; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

For greater certainty, satisfaction of the Adherence Conditions for any Funding Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under, or in respect of, the Funding Obligation and the related Funding Obligation Agreement as such agreement may be amended, restated, supplemented> *or otherwise modified from time to time*<.[13]

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02**(b)(x)** in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without

[13] **This language was added to track Section 2(2) of the regs and ensure that there is no obligation to satisfy the Adherence Conditions every time interest is incurred in respect of a Funding Obligation for which the Adherence Conditions have already been satisfied.**

any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[14]

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.[15]

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to

[14] Section to be updated to conform with section in the Trust Indenture once settled.

[15] To be confirmed this covenant is only meant to apply following a Payment Demand? Note that once the Province exercises this right, ,the desired accounting treatment will be lost.

reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[15]16

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[16]17

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the

[15]16 Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.
[16]17 Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their

correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity ~~in any of the following circumstances:(a)~~ following the Province becoming aware of the occurrence of a Program Breach~~; and~~.

~~(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.~~

[NTD: the concept of Breach Event has been removed from Protection Agreement and replaced by provisions in the Process Agreement providing that upon notice of a Breach Event to OPG in the Process Agreement, OPG will not be permitted to deliver the certificate required to satisfy the Adherence Conditions. This was done to cleanse the Protection Agreement of any references to the Process Agreement but leave the Province in the same position of being able to (indirectly) suspend application of the change of law agreement to future issuances upon a Breach Event.]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[17][18].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

[17][18] This will be affected by the resolution of the "amendments" point.

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

(c) **Notwithstanding Section 9.03(a), assignments and participations of the rights and obligations of the Indenture Trustee and Specified Creditors (other than the Province) in accordance with the terms of the Trust Indenture may also assign the rights and obligations of the Indenture Trustee and Specified Creditors under this Agreement.**

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST , AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS

INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS[18][19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a **Guarantee** Payment Date, the aggregate of the Approved Obligation Amounts for such **Guarantee** Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a **Guarantee** Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the **Guarantee** Payment Date, the amount due and payable to the Beneficiary on such **Guarantee** Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the **Guarantee** Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the **Guarantee** Payment Date, the amount that would be available to be paid to the Beneficiary on such **Guarantee** Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the ~~amounts available under such applicable payment provisions~~**amount available for allocation to Specified Creditors in accordance with the terms** of the Trust Indenture ~~would be limited to the Clean Energy Adjustment payable in respect of such month.~~ **in respect of each relevant month during each Reference Period from and after May,**

[18][19] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

2021 is equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period.[20]

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the ~~Finding~~**Funding** Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

~~"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.][19]~~

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

~~"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act as of the date of this Agreement.~~

[20] **PM: the challenge is that the permitted acceleration amount is determined under the Regulations but in a post-change of law environment, we don't know what provisions of the Regulation remain. By going to "Finance Amount", we are using a defined term that is frozen at the date of this agreement.**

[19] ~~Process Agreement references define Suspension Rights. If dealers and OPG are comfortable with broad suspension rights (subject to the agreement of the Province with OPG under Process Agreement, not to implement suspension rights other than for Program Breach or Breach Event), then may be able to better cleanse this Agreement of operative references to the Process Agreement.~~

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"Guarantee Payment Date" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, ~~[~~as amended, supplemented, restated or otherwise modified from time to time~~]~~.[20]

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, ~~[~~as amended, supplemented, restated or otherwise modified from time to time~~]~~.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

~~"**Payment Date**" means the 15th day of each month.~~

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

~~[20] Still under consideration. Tied to the discussion around authorized "amendments".~~

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

~~"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM] [as amended, supplemented, restated< *or otherwise modified from time to time*>].~~

~~["**Process Certificate**" has the meaning ascribed thereto in the Process Agreement.]~~

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay ~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement~~**Obligations Secured**, or (b) this Agreement or any of the agreements under which ~~Approved~~ Obligations **Secured** arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay ~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement~~**Obligations Secured** and that has the effect of the Financing Entity not in fact having sufficient funds to pay such ~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement in respect of Approved~~ Obligations **Secured** that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on November-20-17 1:54:22 PM

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Legend:	
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Format change	
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Deleted cell	
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Padding cell	

Statistics:	
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Deletions	88
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	196

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[2]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. **Blakes and Torys to discuss.**

[2] Once agreements are settled, Province to provide draft notice.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] **, or such lesser period as the Province may agree to,** prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days**, or such lesser period as the Province may agree to,** prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) ~~Not less than 10 Business Days prior to~~**Promptly following**[3] (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

[3] **This change was made due to accounting.**

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels; **or**

(B) ~~resign as the Manager under the Management Agreement; or~~ [4]

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the ~~occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection~~

[4] **As discussed in the meeting, this causes an accounting issue. Additionally, OPG is not permitted to resign under the Management Agreement.**

~~Event)~~**delivery of a Payment Demand**[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) **For greater certainty, nothing in this Agreement is intended to derogate from OPG's obligations as FSM and Manager.**

(d) ~~(c)~~ Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[6]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation[7] **(other than a Funding Obligation that (x) arises under a Derivative Agreement, or (y) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity)**, and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:~~3~~[8]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features,

[5] **Given that delivery of a Payment Demand is the trigger for the Limited Guarantee, the delivery of the Payment Demand is the more appropriate milestone.**

[6] **The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.**

[7] **OPG/Province to discuss circumstances in which a certificate will be required under this Section.**

~~3~~[8] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing ~~Primary~~**Funding** Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and[9]

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

[9] **We have cleansed the Protection Agreement of the concept of the Process Agreement and the related concept of the Breach Event. The process certificate already contemplates that a breach event has not occurred at the time of delivery of the certificate but we have also provided the added comfort of the covenant below in section 3.02.**

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Intentionally Deleted~~Acknowledgement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with its obligations to the Province in connection with the incurrence of the Funding Obligations in respect of which such certificate is delivered; provided that, upon receipt of a Breach Event Suspension Notice, OPG covenants not to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee. [10]

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including

[10] OPG needs the authority to provide this certification.

pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days**, or such lesser period as the Province may agree to,** prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days**, or such lesser period as the Province may agree to,** following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province~~,~~ **and OPG,**[11] and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

[11] **This is an accounting comment.**

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days**, or such lesser period as the Province may agree to,** following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province~~,~~ **and OPG,**[12] and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

[12] **This is an accounting comment.**

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[413]

[413] Note: Lawyers to discuss assumption mechanics.

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be

proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice and Article VI of this Agreement shall continues to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, ~~[~~other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement~~][NTD: Subject to the input of the dealers.]~~[5] [14]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

[5][14] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, ~~upon written notice to OPG,~~ and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a **written notice in the form of Exhibit ■ (a "Breach Event** Suspension Notice**")** to ~~the Indenture Trustee, OPG and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement~~**OPG**.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS[615]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"Breach Event >*Suspension Notice* *" has the meaning ascribed thereto in* **<Section 7.02.**

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[615] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement~~ but in no event shall it include obligations to service providers or amounts payable by the Financing Entity to a counterparty under any Funding Obligation Agreement permitted to be entered into by the Financing Entity pursuant to the Program Agreements under which an amount in excess of $1 Million in the aggregate would be payable~~.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"<***Suspension Notice**" has the meaning ascribed thereto in* >the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

Document comparison by Workshare Compare on November-20-17 1:53:34 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24511858/1
Description	#24511858v1<TorysAtWork> - 23239361-v12-CLPA - Process Agreement
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24511858/3
Description	#24511858v3<TorysAtWork> - CLPA - Process Agreement (COMMENTS)
Rendering set	strikeout-colour

Legend:	
Insertion	
~~Deletion~~	
<~~*Moved from* >~~	
>*Moved to* <	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	54
Deletions	34
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	90

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST[1]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] Torys and Blakes to discuss signatory on behalf of the Trust. The Manager is currently signing all Program Agreements on behalf of the Trust and has authority to do so. We would propose to do the same on the change of law agreement.

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[2], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[3] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

[2] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[3] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder"

and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[4].

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or

[4] With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is one circumstance that demonstrates why the Province needs the right to know about and consider all underlying amendments.

Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Province, the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. [**The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.**] [**NTD: this is unusual. Why is it necessary in this Agreement?**]

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR

OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than [3] Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date (a "**Guarantee Payment Date**")[5], if any, the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date.

ii. On each such Guarantee Payment Date, the Province shall pay the Aggregate Approved Obligations Amount to the Indenture Trustee and the Indenture Trustee shall deposit such amount to the Protection Account.

iii. On each such Guarantee Payment Date, the Indenture Trustee shall apply all amounts on deposit in the Protection Account to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment

[5] PM: Interest Payment Dates and Principal Payment Dates are set in the supplements. While the present intention is to set them on Payment Dates, there is no guarantee that will always be the case.

provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture, be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Guarantee Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Guarantee Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Guarantee Payment Date under Section 2.01(a).

[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[7] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The

[7] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8] shall apply all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[10]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

[10] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03 or Section 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred.

[11] The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequate notices of these event under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.

4.02 Adherence Conditions[12]

There shall be no Adherence Conditions applicable in relation to: (i) a Primary Obligation that is not a Funding Obligation or (ii) a Primary Obligation that (x) arises under a Derivative Agreement, or (x) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity. The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation that does provide for the advance of more than $■ to the Financing Entity:

(a) the Primary Obligation when incurred will be an Obligation Secured under the Trust Indenture; and

(b) either (x) OPG delivers an officer's certificate addressed to the Indenture Trustee, prior to the entering into of the related Funding Obligation Agreement, confirming that OPG has complied with its obligations to the Province in connection with the Primary Obligation, or (y) OPG has in fact complied with its obligations to the Province in connection with the Primary Obligation; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

For greater certainty, satisfaction of the Adherence Conditions for any Funding Obligation shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under, or in respect of, the Funding Obligation and the related Funding Obligation Agreement as such agreement may be amended, restated, supplemented or otherwise modified from time to time.[13]

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02(b)(x) in connection with an incurrence of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

[12] The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[13] This language was added to track Section 2(2) of the regs and ensure that there is no obligation to satisfy the Adherence Conditions every time interest is incurred in respect of a Funding Obligation for which the Adherence Conditions have already been satisfied.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.[14]

[14] Section to be updated to conform with section in the Trust Indenture once settled.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.[15]

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[16]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as

[15] To be confirmed this covenant is only meant to apply following a Payment Demand? Note that once the Province exercises this right, ,the desired accounting treatment will be lost.

[16] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[17]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

[17] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the Province becoming aware of the occurrence of a Program Breach.

[NTD: the concept of Breach Event has been removed from Protection Agreement and replaced by provisions in the Process Agreement providing that upon notice of a Breach Event to OPG in the Process Agreement, OPG will not be permitted to deliver the certificate required to satisfy the Adherence Conditions. This was done to cleanse the Protection Agreement of any references to the Process Agreement but leave the Province in the same position of being able to (indirectly) suspend application of the change of law agreement to future issuances upon a Breach Event.]

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[18].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

[18] This will be affected by the resolution of the "amendments" point.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

(c) Notwithstanding Section 9.03(a), assignments and participations of the rights and obligations of the Indenture Trustee and Specified Creditors (other than the Province) in accordance with the terms of the Trust Indenture may also assign the rights and obligations of the Indenture Trustee and Specified Creditors under this Agreement.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:

By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS[19]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with the terms of the Trust Indenture in respect of each relevant month during each Reference Period from and after May, 2021 is equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period.[20]

[19] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

[20] PM: the challenge is that the permitted acceleration amount is determined under the Regulations but in a post-change of law environment, we don't know what provisions of the Regulation remain. By going to "Finance Amount", we are using a defined term that is frozen at the date of this agreement.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Funding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a).

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[2]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

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[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare. Blakes and Torys to discuss.

[2] Once agreements are settled, Province to provide draft notice.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] , or such lesser period as the Province may agree to, prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to, prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following[3] (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

[3] This change was made due to accounting.

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels; or

(B) [4]

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the delivery of a Payment Demand[5], not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption,

[4] As discussed in the meeting, this causes an accounting issue. Additionally, OPG is not permitted to resign under the Management Agreement.

pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) For greater certainty, nothing in this Agreement is intended to derogate from OPG's obligations as FSM and Manager.

(d) Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate[6]

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation[7] (other than a Funding Obligation that (x) arises under a Derivative Agreement, or (y) is a Funding Obligation that does not provide for the advance of more than $■ to the Financing Entity), and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:[8]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features,

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[5] Given that delivery of a Payment Demand is the trigger for the Limited Guarantee, the delivery of the Payment Demand is the more appropriate milestone.

[6] The current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Province/OPG/Dealers to discuss moving the adherence conditions to the Process Agreement while preserving Province's oversight of its obligations under the Protection Agreement.

[7] OPG/Province to discuss circumstances in which a certificate will be required under this Section.

[8] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and[9]

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

[9] We have cleansed the Protection Agreement of the concept of the Process Agreement and the related concept of the Breach Event. The process certificate already contemplates that a breach event has not occurred at the time of delivery of the certificate but we have also provided the added comfort of the covenant below in section 3.02.

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG are authorized to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with its obligations to the Province in connection with the incurrence of the Funding Obligations in respect of which such certificate is delivered; provided that, upon receipt of a Breach Event Suspension Notice, OPG covenants not to deliver the certificate referred to in Subsection 4.02(b) of the Change of Law Protection Agreement to the Indenture Trustee. [10]

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]**

[1010] OPG needs the authority to provide this certification.

of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days, or such lesser period as the Province may agree to, prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to, following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG,[11] and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting

[11] This is an accounting comment.

out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days, or such lesser period as the Province may agree to, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG,[12] and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

[12] This is an accounting comment.

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[13]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things,

[13] Note: Lawyers to discuss assumption mechanics.

specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice and Article VI of this Agreement shall continues to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[14]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

[14] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a written notice in the form of Exhibit ■ (a "Breach Event Suspension Notice") to OPG.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS[15]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Breach Event Suspension Notice**" has the meaning ascribed thereto in Section 7.02.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[15] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN; Mansoori, Nina; Feldman, Michael; Saulnier, Brett; "WONG Leslie -LAWDIV"; LEE John -TREASURY; RYFA Ken -TREASURY; Ramchandani, Rima
Cc:	Tobias P. Whitfield (MOF); Ken Kandeepan; Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); VINER, JON; PRESTAGE, JA; Daniel Cayley (ENERGY); Gadi Mayman
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date:	Monday, November 20, 2017 1:27:51 PM

Hi all,

We understand that the board committee meeting took place this morning and the aim is to get any drafting issues resolved as soon as possible, i.e. tomorrow, so that the agreements can be presented to the board tomorrow. We are available to receive and deal with any points today on the drafts that were circulated by us to OPG and Torys on Friday.

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 17, 2017 4:24 PM
To: Mansoori, Nina; Feldman, Michael; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Ramchandani, Rima
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY); Mayman, Gadi (OFA)
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Attached are comments on your drafts from 8:30 last night. The attached blacklines are to those versions. These remain subject to review and comment by the Province, but we hope will give you a version (with several open items identified in Notes) OPG can feel comfortable sharing with its Board for their information purposes. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Thursday, November 16, 2017 8:29 PM
To: ASHBOURNE, STEPHEN; Feldman, Michael; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -

TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin; Sebastiano, Rocco; Ramchandani, Rima; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

All – please find attached consolidated comments from OPG and the Dealers on the Change of Law Agreements. Please note that the attached remains subject to the review of the working group. There are a few drafting points to confirm amongst the lawyers but please let us know if there are any remaining business points to be discussed on these documents tomorrow. Many thanks,

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-14-17 8:30 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Ramchandani, Rima <rramchandani@torys.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; Niehaus, Katrina <Katrina.Niehaus@gs.com>; Delaney, Brian <Brian.Delaney@gs.com>; Conner, Robbin <Robbin.Conner@gs.com>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find attached revised versions of the Protection and Process Agreements. The blacklines show changes to the November 2nd (Province/Blakes) and November 8th (OPG/Dealers/Osler/Torys) circulated versions. In the interest of time, these versions are being circulated at the same time to the Province and so remain subject to comment. Please let us know if you have any comments or concerns. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Thursday, November 09, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.

The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.

Regards, Rocco

OSLER

Rocco Sebastiano
Partner

416.862.5859 DIRECT
416.862.6666 FACSIMILE
rsebastiano@osler.com

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

osler.com
[osler.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Hill, Krista <khill@torys.com>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>

Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From:	ASHBOURNE, STEPHEN
To:	Mansoori, Nina; Feldman, Michael; Saulnier, Brett; "WONG Leslie -LAWDIV"; LEE John -TREASURY; RYFA Ken -TREASURY; Ramchandani, Rima
Cc:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Ken Kandeepan; Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG); VINER, JON; PRESTAGE, JA; Daniel Cayley (ENERGY); Gadi Mayman
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date:	Friday, November 17, 2017 4:24:49 PM
Attachments:	23239361-v12-CLPA - Process Agreement.DOCX 23239361-vpdf-CLPA - Process Agreement.PDF 23239360-v15-CLPA - Protection Agreement.DOCX 23239360-vpdf-CLPA - Protection Agreement.PDF

Attached are comments on your drafts from 8:30 last night. The attached blacklines are to those versions. These remain subject to review and comment by the Province, but we hope will give you a version (with several open items identified in Notes) OPG can feel comfortable sharing with its Board for their information purposes. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Thursday, November 16, 2017 8:29 PM
To: ASHBOURNE, STEPHEN; Feldman, Michael; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin; Sebastiano, Rocco; Ramchandani, Rima; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

All – please find attached consolidated comments from OPG and the Dealers on the Change of Law Agreements. Please note that the attached remains subject to the review of the working group. There are a few drafting points to confirm amongst the lawyers but please let us know if there are any remaining business points to be discussed on these documents tomorrow. Many thanks,

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-14-17 8:30 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Ramchandani, Rima <rramchandani@torys.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca

Cc: Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; Niehaus, Katrina <Katrina.Niehaus@gs.com>; Delaney, Brian <Brian.Delaney@gs.com>; Conner, Robbin <Robbin.Conner@gs.com>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find attached revised versions of the Protection and Process Agreements. The blacklines show changes to the November 2nd (Province/Blakes) and November 8th (OPG/Dealers/Osler/Torys) circulated versions. In the interest of time, these versions are being circulated at the same time to the Province and so remain subject to comment. Please let us know if you have any comments or concerns. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Thursday, November 09, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.

The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.

Regards, Rocco

OSLER

Rocco Sebastiano
Partner

416.862.5859 DIRECT
416.862.6666 FACSIMILE
rsebastiano@osler.com

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Hill, Krista <khill@torys.com>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

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In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

Blakes

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Draft: November 17, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[2]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

---

[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare.

[2] Once agreements are settled, Province to provide draft notice.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Not less than 10 Business Days prior to (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) resign as the Manager under the Management Agreement; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the

Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation, and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:[3]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar

[3] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Intentionally Deleted

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the

"**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or

in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[4]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

[4] Note: Lawyers to discuss assumption mechanics.

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice and Article VI of this Agreement shall continues to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, **[other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement][NTD: Subject to the input of the dealers.]**[5]

[5] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to OPG, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been

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Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 <u>Assignment</u>

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS[6]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

[6] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement but in no event shall it include obligations to service providers or amounts payable by the Financing Entity to a counterparty under any Funding Obligation Agreement permitted to be entered into by the Financing Entity pursuant to the Program Agreements under which an amount in excess of $1 Million in the aggregate would be payable.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**")[1] is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[2]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[3]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

[1] ~~We do not believe OPG is entering into this Agreement as agent on behalf of the Trust. Rather, OPG is entering into this Agreement at the request of its shareholder, the Province, in order to satisfy the Province's reporting requirements regarding the Fair Hydro Plan.~~

[2] ~~Blakes to advise what they would like to see as evidence of OPG's establishment of the Trust as a financing entity. OPG can send the Province the retainer of Computershare to act as issuer trustee to the Trust~~[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare.

[3] Once agreements are settled, Province to provide draft notice.

All things necessary to make this Agreement a valid and legally binding agreement of OPG~~,~~ and ~~of~~ the Province ~~in accordance with the Act~~, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the

designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used ~~or~~, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or~~,~~ supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Not less than 10 Business Days prior to (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) ~~(c)~~ Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) ~~(d)~~ Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of ~~its~~the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements ~~(other than Funding Obligation Agreements)~~, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;[4] provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) resign as the Manager under the Management Agreement; or

(C) ~~(B)~~ permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) ~~(ii)~~ promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) ~~(iii)~~ after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing

[4] ~~Note to the Province: This change was made to ensure that the Province does not have veto rights over the financial terms of the Funding Obligations (consistent with the overall agreement including in particular sections 3.01 and 3.04(a)).~~

Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation, and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:[~~5~~3]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in

[~~5~~3] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Acknowledgment~~Intentionally Deleted

~~The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG are authorized to deliver the certificate referred to in Subsection **[4.02(b)]** of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has delivered to the Province all certifications required by the Province in connection with the incurrence of the Primary Obligations in respect of which such certificate is delivered.~~

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection

Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable

bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution~~,~~ and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution~~,~~ and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[64]

6.01 Election by the Province

~~At~~Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor~~. To make such~~ by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province ~~shall duly complete and~~may deliver to OPG a notice in the form of Exhibit A (an "**~~Exploration~~Election Information Notice**"). The ~~Exploration~~Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the ~~Exploration~~Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the ~~Exploration~~Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions

[64] Note: Lawyers to discuss assumption mechanics.

that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

~~Within 30 Business Days following~~Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it ~~will~~expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province ~~intends~~expects that assignment and assumption will be effected~~, which may not be earlier than the Proposed Assumption Date~~. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section ~~[~~6.01~~]~~ of the Change of Law Protection Agreement~~, which will specify such date as the "Assumption Closing Date" for the purposes thereof~~. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice and Article VI of this Agreement shall continues to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use ~~its~~ commercially reasonable efforts to ~~cause the Financing Entity to~~ ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the

case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, **[other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement]|[NTD: Subject to the input of the dealers.]**[5]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to OPG, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

[5] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.[7]

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

~~By:~~ ~~**ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager~~

By: _____

Name:
Title:

By: _____

Name:
Title:

[7] ~~The Indenture Trustee was removed as a party to this Agreement as it is not subject to any of the provisions in this Agreement.~~

SCHEDULE A
DEFINED TERMS[86]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement. ~~[NTD: To confirm if Change of Law Protection Agreement will attach a form of assumption.]~~

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[8] ~~Province should not have~~[6] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. ~~Province is given sufficient notice of all amendments by the terms of this Agreement~~All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"~~**Exploration**~~**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement but~~, for greater certainty, excludes the "other amounts owing in respect of the funding obligations" in Section 2(2) of the General Regulation~~ in no event shall it include obligations to service providers or amounts payable by the Financing Entity to a counterparty under any Funding Obligation Agreement permitted to be entered into by the Financing Entity pursuant to the Program Agreements under which an amount in excess of $1 Million in the aggregate would be payable.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ~~EXPLORATION~~ELECTION INFORMATION NOTICE

Document comparison by Workshare Compare on Friday, November 17, 2017 4:16:28 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/11
Description	TOR_2528-#23239361-v11-CLPA_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/12
Description	TOR_2528-#23239361-v12-CLPA_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	64
Deletions	67
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	135

Draft: November 17, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

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[1] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

OPG and the Province will concurrently enter into the Process Agreement, under which OPG will agree to perform certain activities and to provide certain assurances in relation to this Agreement, on which the Province will rely.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[3].

[3] With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

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one circumstance that demonstrates why the Province needs the right to know about and consider all underlying amendments.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the

Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. Not less than 3 Business Days prior to each Payment Date occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Payment Date, together with a detailed description identifying such Approved Obligations, the nature and amount of payments due and payable thereunder on the Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Payment Date, the Province shall pay the Aggregate Approved Obligations Amount [to the Indenture Trustee and the Indenture Trustee][4] shall deposit such amount to the Protection Account.

iii. On each such Payment Date, [the Financing Entity shall cause] the Paying Agent[5] [to] shall apply all amounts on deposit in the Protection Account to

[4] Confirm payment mechanics. Consider direct deposit. Confirm that no set-off if pay through indenture trustee.

[5] To be effective, will need to add the Paying Agent as a party to this agreement.

pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the applicable payment provisions of the Trust Indenture applicable to the making of such payments on the Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture and subject to Section 2.04(b), be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Payment Date;

(ii) the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount on remaining deposit in

[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.

the Protection Account that has not been applied to pay Beneficiary Payees on the Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the payment amounts, if any, and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 <u>Absence of Set-off</u>

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[7] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8] shall apply all amounts paid by the Province into the Protection Account on a Payment Date in respect of an Approved Obligation to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[10]. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

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[7] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

[10] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or

until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03 or Section 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

[11] The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequate notices of these event under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied [at the time the Primary Obligation was incurred][12].

4.02 Adherence Conditions

[There shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Funding Obligation.][13] The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, prior to the earlier of (i) one Business Day prior to the incurrence [or any amendment][14] of the Primary Obligation, and (ii) [one Business Day after] [on] the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), confirming that OPG has delivered to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

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[12] Still under consideration. Tied to the discussion around authorized "amendments".

[13] Under consideration by the Province. Province is comfortable that immaterial (<1M) obligations need not be subject to these adherence provisions.

[14] Still under consideration. Tied to the discussion around authorized "amendments".

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights,

interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[15]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

[15] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[16]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

[16] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity in any of the following circumstances:

(a) following the Province becoming aware of the occurrence of a Program Breach; and

(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[17].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

[17] This will be affected by the resolution of the "amendments" point.

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:

Title:

SCHEDULE A
DEFINED TERMS[18]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Payment Date, the aggregate of the Approved Obligation Amounts for such Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Payment Date, the amount due and payable to the Beneficiary on such Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Payment Date, the amount that would be available to be paid to the Beneficiary on such Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amounts available under such applicable payment provisions of the Trust Indenture would be limited to the Clean Energy Adjustment payable in respect of such month.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Finding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

[18] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.][19]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act as of the date of this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction,

[19] Process Agreement references define Suspension Rights. If dealers and OPG are comfortable with broad suspension rights (subject to the agreement of the Province with OPG under Process Agreement, not to implement suspension rights other than for Program Breach or Breach Event), then may be able to better cleanse this Agreement of operative references to the Process Agreement.

collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, [as amended, supplemented, restated or otherwise modified from time to time].[20]

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, [as amended, supplemented, restated or otherwise modified from time to time].

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

"**Payment Date**" means the 15th day of each month.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

[20] Still under consideration. Tied to the discussion around authorized "amendments".

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM] [as amended, supplemented, restated or otherwise modified from time to time].

["**Process Certificate**" has the meaning ascribed thereto in the Process Agreement.]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement, or (b) this Agreement or any of the agreements under which Approved Obligations arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement in respect of Approved Obligations that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

[1] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

OPG and the Province will concurrently enter into the Process Agreement, under which OPG will agree to perform certain activities and to provide certain assurances in relation to this Agreement, on which the Province will rely.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected

and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture[3].

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

[3] With respect to the possibility of unsanctioned amendments, the OPG proposal would allow amendments to be made in favour of bondholders to permit individual bondholders to sue the Province under this agreement. This is one circumstance that demonstrates why the Province needs the right to know about and consider all underlying amendments.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the

Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may ~~provide~~deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to ~~pay~~make payments in respect of the Approved Obligations ~~as provided~~at the times, in the amounts and subject to the requirements specified in this Agreement. From and after ~~the~~such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations ~~and receive Subrogation Amounts in accordance with the following procedures~~ (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Amounts specified below, on the specified Payment Date:

i. ~~One~~Not less than 3 Business ~~Day~~Days prior to each Payment Date ~~when any payment or payments are to be made in respect of one or more Approved Obligations, the Manager shall advise the Province in writing of~~occurring after such delivery of a Payment Demand and prior to the Assumption Effective Date, if any, the Manager shall deliver a written statement, substantially in the form attached as Exhibit A.1 (a "**Guarantor Settlement Statement**") setting forth the Aggregate Approved Obligations Amount, if any, in respect of ~~such Approved Obligations on such Payment Date~~the Approved Obligations that are due and payable on such Payment Date, together with a detailed description identifying such Approved Obligations, the nature and amount of payments due and payable thereunder on the Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of the Guarantor Settlement Statement,

and details regarding any default in performance by any party obligated thereunder.

ii. On each such Payment Date, the Province shall pay the Aggregate Approved Obligations Amount [to the Indenture Trustee and the Indenture Trustee][4] shall deposit such amount to the Protection Account.

iii. On each such Payment Date, [the Financing Entity shall cause] the Paying Agent[5] [to] shall apply ~~the Aggregate Approved Obligations Amount deposited to~~all amounts on deposit in the Protection Account to pay ~~in full to the applicable Beneficiaries~~each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Payment Date the Approved Obligation Amount ~~of each Beneficiary payable~~for such Beneficiary in respect of such Approved Obligation on such Payment Date; provided that if ~~for any reason~~ the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount ~~available~~on deposit in the Protection Account on the Payment Date shall be applied to pay Beneficiaries in the order of priority in which ~~the applicable~~such Approved Obligations are payable ~~in~~under the ~~section~~applicable payment provisions of the Trust Indenture ~~which would otherwise be~~ applicable to the making of such payments on the Payment Date (each, a "**Beneficiary Payee**")[6].

iv. On any Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding the express terms of such provisions set forth in the Trust Indenture and subject to Section 2.04(b), be applied and operate on the following basis:

(i) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Payment Date shall be reduced by the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Payment Date;

(ii) ~~iv. The Manager shall prepare payment instructions for the Payment Date under each section of the Trust Indenture applicable to the making of the payments under clause 2.01(a)iii allocating the amounts available to be allocated under each such section (which~~

[4] Confirm payment mechanics. Consider direct deposit. Confirm that no set-off if pay through indenture trustee.
[5] To be effective, will need to add the Paying Agent as a party to this agreement.
[6] For example, the effect of this is that senior notes will receive cash earmarked for sub notes based on the scheduled amounts payable for sub notes. Confirm that is the intention.

~~for greater certainty, are amounts other than the Approved Obligations Amounts) on the basis that: (A) for the purpose of determining the amount of the payment to each applicable Person (including the Beneficiaries of Approved Obligations), the payments made under clause 2.01(a)iii are disregarded, and (B) any amounts so determined which are payable to the Beneficiaries that have been paid under clause 2.01(a)iii are paid instead to the Province (such payments being "**Subrogation Amounts**").~~ the Province shall be paid the amount by which (x) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Payment Date, determined without regard to subclause 2.01(a)iv(i), exceeds the amount paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on the Payment Date (such payments to the Province being "**Subrogation Amounts**"); and

(iii) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation that ranks equal with or subordinate to an Approved Obligation in respect of which an amount is payable to the Province under subclause 2.01(a)iv(ii) shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right or reimbursement, contribution or indemnity) and no such Beneficiary shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of such amounts.

v. On any Payment Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount on remaining deposit in the Protection Account that has not been applied to pay Beneficiary Payees on the Payment Date in accordance with clause 2.01(a)iii.

vi. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable for the Payment Date under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts and any amounts payable under clause 2.01(a)v, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) ~~(b)~~ For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the payment amounts, if any, and will be subject to the priorities and to the Province's rights to Subrogation Amounts, set forth in Section 2.01(a).

(d) ~~(c)~~ Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) ~~(d)~~ Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(f) ~~(e)~~ The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include ~~the loss represented by the failure to receive the principal and interest itself~~any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[37] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period,

[37] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the [Indenture Trustee][8] shall apply ~~the full amount~~all amounts paid by the Province into the Protection Account on a Payment Date in respect of an Approved Obligation to pay the ~~corresponding amount~~amounts due and payable to the ~~applicable~~ Beneficiaries ~~under the Approved Obligation~~ as and to the extent provided for in Section 2.01(a)[9]. Upon a payment having been made by or on behalf of the Province into the Protection Account ~~in respect of an Approved Obligation~~, the ~~amount~~amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved ~~Obligation~~Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[4][10]. For greater certainty, the obligations arising in respect of ~~the~~an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Amounts and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

[8] Conform.

[9] For example, amounts payable in respect of subnotes will not get the amounts payable to them based on scheduled payments since senior notes will preempt them under the acceleration waterfall.

[4][10] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03 or Section ~~6.03~~ 8.02.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements[11] and this Agreement, to:

[11] The deletion of the earlier proviso in this draft is based on the understanding that the Province will receive adequate notices of these event under the Trust Indenture. OPG will agree not to allow any of these events without confirming to the Province under the Process Certificate that the changes are within the agreed scope of the Reviewed Documents, etc.

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied [at the time the Primary Obligation was incurred][12].

[12] Still under consideration. Tied to the discussion around authorized "amendments".

4.02 Adherence Conditions

[There shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Funding Obligation.][13] The following shall be the Adherence Conditions applicable in relation to a Primary Obligation that is a Funding Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) ~~OPG (~~the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) ~~delivers an officer's certificate~~and addressed to the Indenture Trustee, prior to the earlier of (i) one Business Day prior to the incurrence [or any amendment][14] of the Primary Obligation, and (ii) [one Business Day after] [on] the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), confirming that OPG has delivered to the Province ~~all certifications required by the Province in connection with the incurrence~~a Process Certificate in accordance with Section **[3.01]** of the ~~Primary Obligations; and [**NTD: does this work for derivatives? They are often priced at the same time they are entered into.**]~~Process Agreement; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

[13] Under consideration by the Province. Province is comfortable that immaterial (<1M) obligations need not be subject to these adherence provisions.

[14] Still under consideration. Tied to the discussion around authorized "amendments".

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Amounts, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary ~~for~~to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture~~.~~ in the manner and to the extent contemplated in Section 2.01.

5.03 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[~~5~~15]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution~~,~~ and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution~~,~~ and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may (but shall not be obligated to) provide notice (in the form of Exhibit B) to the Indenture Trustee that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on

[~~5~~15] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[616]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: the forms of assumption agreement(s) need to be settled before this agreement is finalized.]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee and the Beneficiaries shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

[616] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity in any of the following circumstances:

(a) ~~upon~~following the Province becoming aware of the occurrence of a Program Breach; and

(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred or amended on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred or amended on or after the time such Suspension Notice is delivered[17].

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").~~[7]~~

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

[17] This will be affected by the resolution of the "amendments" point.

~~[7] The suspension right in favour of the Province is intended to allow the Province to cut-off future obligations under this Agreement, but not affect rights that have arisen prior to the suspension notice. The termination notice is a further step that allows the Province to bring this agreement to an end, but that only happens (under section 9.01) after all amounts capable of becoming due under the Limited Guarantee have been paid (i.e., the last obligation incurred prior to the suspension notice has been satisfied), including as a result of an assumption under Art VI.~~

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their ~~rights~~benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS[8][18]

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of ~~any~~a Payment Date, the aggregate of the Approved Obligation Amounts for such Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of ~~any Payment Date and~~ an Approved Obligation~~, either~~ under which an amount is due and payable on a Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Payment Date, the amount due and payable to the Beneficiary on such Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in ~~the applicable section in full~~such payment provisions that are due and payable on the Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Payment Date, the~~aggregate~~ amount that would be ~~payable~~available to be paid to the Beneficiary on such Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that ~~Servicer CEA Collections in respect of each relevant month during each Reference Period from and after May, 2021 are equal to the Finance Amount in respect of such Reference Period divided by the number of months in such Reference Period~~the amounts available under such applicable payment provisions of the Trust Indenture would be limited to the Clean Energy Adjustment payable in respect of such month.

[8] ~~Province should not have~~[18] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture, Province will not require veto rights over changes to the defined terms in the MTI. ~~Province is given sufficient notice of all amendments by the terms of the various agreements~~All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

"**Assumption Agreement**" means the agreement among the Province, the Indenture Trustee, the Financing Entity and any other person that is party to the Finding Obligation Agreement affected by the assignment and assumption contemplated under Article VI, which agreement shall be in substantially the form of the form of assumption agreement set forth in Exhibit E.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.][9][19]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act as of the date of this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

[9] ~~Lawyers to discuss how to~~[19] Process Agreement references define Suspension Rights. If dealers and OPG are comfortable with broad suspension rights (subject to the agreement of the Province with OPG under Process Agreement, not to implement suspension rights other than for Program Breach or Breach Event), then may be able to better cleanse this Agreement of ~~all~~operative references to the Process Agreement~~ so that a copy of such agreement need not be provided to the rating agencies~~.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Guarantor Settlement Statement**" has the meaning ascribed thereto in Section 2.01(a).

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the

applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" ~~means the~~ has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity , [as amended, supplemented, restated or otherwise modified from time to time].[20]

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, [as amended, supplemented, restated or otherwise modified from time to time].

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"~~**Payment Date**~~**Paying Agent**" has the meaning ascribed thereto in the Trust Indenture.

"**Payment Date**" means the 15th day of each month.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

[20] Still under consideration. Tied to the discussion around authorized "amendments".

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (ii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; and (iii) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM] [as amended, supplemented, restated or otherwise modified from time to time].

["**Process Certificate**" has the meaning ascribed thereto in ~~Section 3.01 of~~ the Process Agreement.]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay ~~Obligations Secured~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement, or (b) this Agreement or any of the agreements under which Approved Obligations ~~Secured~~ arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay ~~Obligations Secured~~Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Approved Obligation Amounts to persons who would be Beneficiary Payees under this Agreement in respect of Approved Obligations ~~Secured~~ that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subrogation Amounts**" has the meaning ascribed thereto in ~~Section~~ subclause 2.01(a)iv(ii).

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

~~23239360.13~~23239360.15

EXHIBIT A.1
FORM OF GUARANTOR SETTLEMENT STATEMENT

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on Friday, November 17, 2017 4:11:56 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/13
Description	TOR_2528-#23239360-v13-CLPA_-_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/15
Description	TOR_2528-#23239360-v15-CLPA_-_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	179
Deletions	95
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	274

From:	Ken Kandeepan
To:	Malle Hanslep (MOF)
Cc:	Gadi Mayman; Mike Manning; Ronald Kwan; Veinot, Cindy (TBS); Mark Donaldson (MOF); Scott Nelms (ENERGY); Keley Katona (ENERGY); John Kim; Steen Hume (CAB); Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY)
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date:	Friday, November 17, 2017 9:35:18 AM

Thanks Malle, great clarification, will await the results of your call.

Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 9:34 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Hi Ken,

Yes this is one of the issues, i.e. where the obligation to provide notice and information to the province would be found. However, we reviewed the master trust indenture further last night. There are some other issues as well as under the trust indenture s. 11.01 the Issuer and the Indenture Trustee have the ability to make a number of types of amendments without the consent of specified creditors including to add to the covenants of the Issuer or to surrender any right or power conferred upon the Issuer for the benefit of debtholders and also to enable the Issuer to file a registration statement for the offering of securities in the U.S. etc.. S. 11.02 provides for the making of a range of amendments with consent of debtholders. This is why Blakes specified these sections in their email to Torys as not all amendments are sent to the specified creditors. I think it would be worthwhile to have a further internal call with Blakes later this morning so that we have a full understanding of the implications of this issue.

If the Province is paying under the limited guarantee in the protection agreement, the Province would be paying in accordance with the terms and conditions of the agreements and obligations that the financing entity has entered into. If the Province determines that it is appropriate to directly assume the debt and obligations and obtains authority and approvals to do so and elects its option to do so, then upon direct assumption of the debt and derivatives, there would an opportunity for the terms be varied to be under the Province's ISDA's.

Thanks,

Malle

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: November 17, 2017 8:49 AM
To: Hanslep, Malle (MOF)
Cc: Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Veinot, Cindy (TBS); Donaldson, Mark (TBS); Nelms, Scott (MOF); Katona, Keley (MOF); Kim, John (OFA); Hume, Steen (ENERGY)
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Hi Malle

As per our discussion last evening, I understood that the compromise position re the amendments issue was for the Province to be designated as a "specified creditor" thus be informed of any amendments 10 business days prior. The sticking point, as I understand it was our preference that these requirements be part of the Indenture Trust agreement while Tory's/Osler suggested that it be part of the Protection Agreement.

So the question is if we accept the Tory's/Osler position does the Province's risk increase materially, if not then we can proceed with their suggestion, especially since the Trustee is a party to the Protection Agreement.

I don't believe there any accounting implication from either approach though leave that to Cindy and Mark.

Steve also raises the issue of other Program Agreements presumably referring to agreements for derivatives. I am not too fussed about these, since any derivative arrangement that we will be taking on if the Protection Agreement comes into force will be under our ISDA. Maybe Mike may have something to add to this.

Thanks

Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, November 16, 2017 8:37 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: FW: Change of Law Protection Agreement and Change of Law Process Agreement

Hopefully I have captured everyone who is usually copied on these.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-16-17 8:29 PM
To: 'ASHBOURNE, STEPHEN'; Feldman, Michael; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -

TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin; Sebastiano, Rocco; Ramchandani, Rima; VINER, JON; PRESTAGE, JA; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY)
Cc: Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

All – please find attached consolidated comments from OPG and the Dealers on the Change of Law Agreements. Please note that the attached remains subject to the review of the working group. There are a few drafting points to confirm amongst the lawyers but please let us know if there are any remaining business points to be discussed on these documents tomorrow. Many thanks,

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
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Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-14-17 8:30 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Ramchandani, Rima <rramchandani@torys.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; Niehaus, Katrina <Katrina.Niehaus@gs.com>; Delaney, Brian <Brian.Delaney@gs.com>; Conner, Robbin <Robbin.Conner@gs.com>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find attached revised versions of the Protection and Process Agreements. The blacklines show changes to the November 2nd (Province/Blakes) and November 8th (OPG/Dealers/Osler/Torys) circulated versions. In the interest of time, these versions are being circulated at the same time to the Province and so remain subject to comment. Please let us know if you have any comments or concerns. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Thursday, November 09, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.

The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.

Regards, Rocco

OSLER

Rocco Sebastiano
Partner

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416.862.6666 FACSIMILE
rsebastiano@osler.com

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Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

osler.com
[osler.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Hill, Krista <khill@torys.com>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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From:	Hanslep, Malle (MOF)
To:	Mike Manning; Gadi Mayman
Cc:	Ken Kandeepan; Ronald Kwan; Tobias P. Whitfield (MOF); Michael Waterston (MOF); Anna Strathy
Subject:	RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Tuesday, November 21, 2017 10:09:35 AM

Thanks.

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: November 21, 2017 10:07 AM
To: Hanslep, Malle (MOF); Mayman, Gadi (OFA)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF); Waterston, Michael (MOF); Strathy, Anna (OFA)
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

I've indicated that we would need a written explanation/rationale of the marketability issue from the dealers on the proposed changes to the adherence conditions which we would discuss later today if and when we have a meeting.

Mike

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 10:01 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Michael Waterston (MOF) <Michael.Waterston@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

Given the follow up email from Torys proposing changes to the structure of the agreements and the other comments on the agreements, have the dealers been asked to provide their written explanation as set out below as all the requested changes seem predicated on this point.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 21, 2017 8:13 AM
To: Hanslep, Malle (MOF)
Cc: Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF); Waterston, Michael (MOF); Strathy, Anna (OFA)
Subject: Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

As I may not be able to join the call this morning, I thought I'd share my view: if this truly is an issue for marketing the bonds to investors, it would be significant from their perspective. Mike and I don't yet understand why it would be, so it is up to the underwriters, or their counsel, to provide us with a written, not oral, explanation as to why it would be. If they are not prepared to put their reasons in a short, plain English, form, I'm not prepared to accept their request.

Gadi

On Nov 21, 2017, at 8:04 AM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Energy (both policy and legal) staff and OPCD should be on any call to discuss this, as well.
>
> Thanks,
> Gadi
>
> On Nov 21, 2017, at 8:00 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>
> > I think that it would be useful to discuss next steps here given Torys email below. According to Torys some of this reflects discussions they had with dealers counsel on the weekend and contacted me to have call to give more context. However I would like to discuss this with you as this seems to be quite a significant change to what we were discussing on Monday and our most recent draft. If we have a call maybe it should be the whole group and include Blakes.
> >
> > Malle
> >
> > Sent from my BlackBerry 10 smartphone on the Rogers network.
> > From: Mansoori, Nina <nmansoori@torys.com>
> > Sent: Monday, November 20, 2017 14:06
> > To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY)
> > Cc: 'dup-john.s.lee@opg.com'; 'leslie.wong@opg.com'; 'sheen.liu@opg.com'; 'tyler.mcauley@opg.com'; 'clara.greco@opg.com'; 'matthew.go@opg.com'; 'anthea.yao@opg.com'; 'jenny.jorda@opg.com'; 'stuart.preston@opg.com'; 'john.drewniak@opg.com'; 'j.hahnparker@opg.com'; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Hunter, Rosalind; 'Alvi, Shariq'; Innes, Michael; 'Stoddart, Jesse - Debt Capital Markets'; 'Rix, Lindsey - Legal'; 'Hume, Tyler'; 'Daou, Hadi'; 'Persad, Nicole'; Olusoga, Yinka; Saulnier, Brett; 'mfitzpatrick@hunton.com'; 'aobrian@hunton.com'; Watson, Gwen; Johnson, Richard; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; 'Adalja, Sunil'; 'Persaud, Donnie - Debt Capital Markets'; Sebastiano, Rocco; 'Maciel, Andrew'; 'Benaiah, Ian'; 'Khan, Nur'; "Niehaus, Katrina' (Katrina.Niehaus@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'; 'Conner, Robbin'; 'Milligan, Peter'; Sebastiano, Rocco; Fullerton, Rick; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett; Mansoori, Nina
> > Subject: RE: Change of Law Protection Agreement and Change of

Law Process Agreement - Fair Hydro

All – please find attached consolidated comments on the Process Agreement and the Protection Agreement blacklined to the drafts circulated by Blakes on Friday. We understand that the current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Accordingly, the dealers and OPG would like to discuss with the Province the possibility of moving the adherence conditions to the Process Agreement while preserving the Province's oversight of its obligations under the Protection Agreement. We will provide a proposal on that basis to discuss with the Province. Please note that the attached remains subject to the comments of the working group and the rating agencies.

Best Regards,
Nina
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada |
www.torys.com[torys.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >

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<Blackline_ProtectionAgreement.pdf>

<Blackline_ProcessAgreement.pdf>

<CLPA - Protection Agreement (COMMENTS).docx>

<CLPA - Process Agreement (COMMENTS).docx>

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From: John Kim
To: Ronald Kwan
Subject: RE: Change of Law Protection and Process Agreement
Date: Monday, December 04, 2017 9:25:10 AM

Hi Ron,

I have a bit of a conflict for the 9:30 as I have a call to get ready for at 10 with OPG on the equity injection.

Thanks,

John

From: Ronald Kwan
Sent: Sunday, December 03, 2017 3:24 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Fwd: Change of Law Protection and Process Agreement

Begin forwarded message:

From: "Hanslep, Malle (MOF)" <Malle.Hanslep@ontario.ca>
Date: December 3, 2017 at 1:12:49 PM EST
To: "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>, John Psinas <John.Psinas@ofina.on.ca>, "Christie, Tim (ENERGY)" <Tim.Christie@ontario.ca>, "Cayley, Daniel (ENERGY)" <Daniel.Cayley@ontario.ca>, "Donaldson, Mark (TBS)" <Mark.Donaldson@ontario.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>
Cc: "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>
Subject: Fw: Change of Law Protection and Process Agreement

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: VINER, JON <JON.VINER@blakes.com>
Sent: Sunday, December 3, 2017 11:45
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY)
Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: Change of Law Protection and Process Agreement

All,

Please find attached clean and blacklined copies of the Change of Law agreements.

I wasn't sure which blackline would be most helpful for your review. I've attached blacklines against:

- The Province's previous external circulated draft (November 21)
- Torys' draft (November 24)
- The Province's previous internal circulated draft (discussed on Friday).

I look forward to discussing tomorrow.

Kind regards,
Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

_____

[cid:image72b0e7.GIF@90def241.49b60a3b]

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Tel: 416-863-2400 Fax: 416-863-2653
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From: Ronald Kwan
To: John Kim
Subject: RE: Change of Law Protection and Process Agreement
Date: Monday, December 04, 2017 9:28:04 AM

Hi John,

Okay.

Ron

From: John Kim
Sent: December-04-17 09:25
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Change of Law Protection and Process Agreement

Hi Ron,

I have a bit of a conflict for the 9:30 as I have a call to get ready for at 10 with OPG on the equity injection.

Thanks,

John

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Sent: Sunday, December 03, 2017 3:24 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Fwd: Change of Law Protection and Process Agreement

Begin forwarded message:

> **From:** "Hanslep, Malle (MOF)" <Malle.Hanslep@ontario.ca>
> **Date:** December 3, 2017 at 1:12:49 PM EST
> **To:** "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>, John Psinas <John.Psinas@ofina.on.ca>, "Christie, Tim (ENERGY)" <Tim.Christie@ontario.ca>, "Cayley, Daniel (ENERGY)" <Daniel.Cayley@ontario.ca>, "Donaldson, Mark (TBS)" <Mark.Donaldson@ontario.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>
> **Cc:** "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>
> **Subject: Fw: Change of Law Protection and Process Agreement**
>
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: VINER, JON <JON.VINER@blakes.com>
> Sent: Sunday, December 3, 2017 11:45
> To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY)
> Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
> Subject: Change of Law Protection and Process Agreement
>
> All,
>
> Please find attached clean and blacklined copies of the Change of Law agreements.
>
> I wasn't sure which blackline would be most helpful for your review. I've attached blacklines against:
>
> - The Province's previous external circulated draft (November 21)
> - Torys' draft (November 24)
> - The Province's previous internal circulated draft (discussed on Friday).
>
> I look forward to discussing tomorrow.
>
> Kind regards,
> Jon
>
> Jon Viner
> Associate
> jon.viner@blakes.com
> Dir: 416-863-2499
>
> _____
>
> [cid:image72b0e7.GIF@90def241.49b60a3b]
>
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From:	Hanslep, Malle (MOF)
To:	VINER, JON; Gadi Mayman; Anna Strathy; Ken Kandeepan; Ronald Kwan; Mike Manning; John Kim; Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Tobias P. Whitfield (MOF); Steen Hume (CAB); Hilary Cox (ENE); Tim Christie (ENERGY); Daniel Cayley (ENERGY); John Psinas
Cc:	ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject:	RE: Change of Law agreements
Date:	Monday, December 04, 2017 1:23:00 PM

Thanks Jon.

I think that it would be helpful to have a quick call about the revised provision clarifying the province's right to excess cash where it has paid under the terms of the guarantee and also the new provision protecting the Province's position in th event there are unguaranteed obligations outstanding so that everyone has an understanding of it. Would be possible to for you to write a plain language summary of the effect of the provisions? I think that this would be very helpful. I think that we will have to include a sentence about this in our covering email too.

Malle

From: VINER, JON [mailto:JON.VINER@blakes.com]
Sent: December 4, 2017 12:06 PM
To: Mayman, Gadi (OFA); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA); Kim, John (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Hume, Steen (ENERGY); Cox, Hilary (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); John.Psinas@ofina.on.ca
Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: Change of Law agreements

All,

Please find attached clean and blacklined copies of the Change of Law Protection and Process Agreements that can be circulated to OPG.

I've attached blacklines against: (i) the OPG/Torys November 24 draft (for circulation to OPG/Torys); and (ii) yesterday's December 3 draft (for your review).

I have also attached our comments on Torys' proposed responses to DBRS. You may wish to send this with the revised Change of Law agreements, or alternatively, we can circulate this to Torys.

Kind regards,
Jon

Jon Viner
Associate
jon.viner@blakes.com
Dir: 416-863-2499

Blakes

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From:	Hanslep, Malle (MOF)
To:	VINER, JON; Gadi Mayman; Anna Strathy; Ken Kandeepan; Ronald Kwan; Mike Manning; John Kim; Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Tobias P. Whitfield (MOF); Steen Hume (CAB); Hilary Cox (ENE); Tim Christie (ENERGY); Daniel Cayley (ENERGY); John Psinas
Cc:	ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject:	RE: Change of Law agreements
Date:	Monday, December 04, 2017 2:13:24 PM

Hi – We will set up a call for 2:30 to go through the change. Thanks.

From: Hanslep, Malle (MOF)
Sent: December 4, 2017 1:23 PM
To: 'VINER, JON'; Mayman, Gadi (OFA); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA); Kim, John (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Hume, Steen (ENERGY); Cox, Hilary (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); John.Psinas@ofina.on.ca
Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: RE: Change of Law agreements

Thanks Jon.

I think that it would be helpful to have a quick call about the revised provision clarifying the province's right to excess cash where it has paid under the terms of the guarantee and also the new provision protecting the Province's position in th event there are unguaranteed obligations outstanding so that everyone has an understanding of it. Would be possible to for you to write a plain language summary of the effect of the provisions? I think that this would be very helpful. I think that we will have to include a sentence about this in our covering email too.

Malle

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Sent: December 4, 2017 12:06 PM
To: Mayman, Gadi (OFA); Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA); Kim, John (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Hume, Steen (ENERGY); Cox, Hilary (ENERGY); Christie, Tim (ENERGY); Cayley, Daniel (ENERGY); John.Psinas@ofina.on.ca
Cc: ASHBOURNE, STEPHEN; JACKSON, ADAM; PALMER, AARON; PRESTAGE, JA
Subject: Change of Law agreements

All,

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I've attached blacklines against: (i) the OPG/Torys November 24 draft (for circulation to OPG/Torys); and (ii) yesterday's December 3 draft (for your review).

I have also attached our comments on Torys' proposed responses to DBRS. You may wish to send this with the revised Change of Law agreements, or alternatively, we can circulate this to Torys.

Kind regards,
Jon

Jon Viner

Associate
jon.viner@blakes.com
Dir: 416-863-2499

———————————

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From:	ASHBOURNE, STEPHEN
To:	Anna Strathy; Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); Hresa Gavaris; John Psinas; Daniel Cayley (ENERGY)
Cc:	Steen Hume (CAB); VINER, JON; PRESTAGE, JA
Subject:	RE: Circulation of drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement
Date:	Friday, November 03, 2017 7:13:08 AM
Attachments:	Change of Law Protection Agreement and Change of Law Process Agreement.msg

Hi again. It appears my email did not successfully attach my transmittal email sent to Torys last night. Trying again …

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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_____

From: ASHBOURNE, STEPHEN
Sent: Friday, November 03, 2017 7:08 AM
To: 'Anna Strathy'; Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); Hresa Gavaris; John Psinas; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)
Cc: Steen Hume (CAB); VINER, JON; PRESTAGE, JA
Subject: Circulation of drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement

Hi.

After our meeting yesterday, we made the changes identified in the attached blacklines and sent the clean versions to Torys (transmittal email is included below, sent Thursday at 9 p.m. ET).

Please note that these revised versions delete a number of the "Notes" we had previously included for your consideration and our follow-up. Those deletions do not necessarily mean that an issue has been

resolved, but rather we thought it best to not identify certain of those deleted items in the external circulation. Our work to resolve those open items will be on-going.

As discussed, Mike or Ken will be sending a follow-on email to OPG to emphasize that these drafts represent an advanced consideration of what the Province is able to do, that the drafts have moved considerably towards OPG's proposed approach, and that only comments on critical issues will be appropriate given the limited time available. You will see that my cover email to Torys suggested that the next step should be for the Province to receive a consolidated mark-up that reflects all essential inputs (i.e., OPG, E&Y, Dealers, Osler and ideally rating agencies) and then to have an all-hands business meeting to resolve any outstanding points. It would be helpful if a similar approach is proposed in Mike's/Ken's follow-on email.

Please feel free to call if you have any questions or concerns.

Regards, Steve

<< Message: Change of Law Protection Agreement and Change of Law Process Agreement.msg >>
<< File: 23239361-vpdf-CLPA - Process Agreement.PDF >>

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: ASHBOURNE, STEPHEN [STEPHEN.ASHBOURNE@blakes.com]
To: Feldman, Michael [mfeldman@torys.com]; Ramchandani, Rima (rramchandani@torys.com) [rramchandani@torys.com]; Mansoori, Nina (nmansoori@torys.com) [nmansoori@torys.com]; Hill, Krista (khill@torys.com) [khill@torys.com]
CC: Malle Hanslep (MOF) [Malle.Hanslep@ontario.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; Tom McKinlay (MAG) [Tom.McKinlay@ontario.ca]; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) [Alena.Thouin@ontario.ca]; VINER, JON [JON.VINER@blakes.com]; PRESTAGE, JA [JA.PRESTAGE@blakes.com]
Subject: Change of Law Protection Agreement and Change of Law Process Agreement
Date: Thursday, November 02, 2017 21:02:15
Attachment 1: 23239361-v7-CLPA - Process Agreement.DOCX
Attachment 2: 23239360-v9-CLPA - Protection Agreement.DOCX

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Draft: November 2, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**"), is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of ■, 2017, the FSM established the Financing Entity as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[1]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG, and of the Province in accordance with the Act, have been done.

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[1] Note: This draft only addresses the first Financing Entity. If additional financing entities are established, revisions to this Agreement may be made at that time, in context. Any additional financing entities contemplated should be as contemplated in the Financing Plan.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity or the Financing Entity Trustee

For greater certainty, each reference to the Financing Entity or to the Financing Entity Trustee shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.01 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Unless the Financing Entity is subject to the PILs Regime, not less than 15 Business Days prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province an analysis and assessment of the tax position of the Financing Entity. In addition, OPG shall promptly deliver written notice to the Province of any change in the Financing Entity's eligibility status under the PILs Regime and an analysis and assessment of any material change in the tax position of the Financing Entity.

(c) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional of replacement Transaction Document.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document).

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

(f) OPG shall, as the FSM, cause the Financing Entity to deliver to the Province copies of the Financing Entity's annual tax returns (if any) and any related tax assessments not more than 10 Business Days after such a tax return or tax assessment is required to be filed under applicable law.[2]

2.02 Covenants

(a) OPG shall, as the FSM, cause the Financing Entity to:

[2] Note: The tax documents to be provided to the Province are under consideration.

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not, without the prior written consent of the Province:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;

(B) consent to the resignation of (1) the Administrative Agent under the Administrative Services Agreement; or (2) the Manager under the Management Agreement;

(C) consolidate or merge with or into any other Person;

(D) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired;

(E) permit any Lien (other than the Security Interest) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(F) sell, transfer, exchange or otherwise dispose of any of the Collateral, other than as expressly permitted by the Trust Indenture;

(G) release any security or guarantee in respect of the Collateral other than as expressly permitted by the Trust Indenture; or

(H) voluntarily dissolve or liquidate.

(b) OPG shall:

(i) comply, and as the FSM cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation;

(iii) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under this Agreement would be accelerated, delayed or otherwise affected; and

(iv) ensure that any disclosure (including any Disclosure Document, press release or other written communication intended for dissemination to third parties) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement will be subject to the prior review of the Province and such disclosure will not be made (and any such Disclosure Document shall not be used and any such press release or other written communication shall not be issued) without the prior written consent of the Province, in each case unless such disclosure is substantially the same as a disclosure previously made and for which the Province had previously provided its written consent under this Subsection 2.02(b)(iv).

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation, and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the Primary Obligation, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the certificate referred to in Subsection 4.02(d)(ii) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; and

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(c) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation;

(b) with respect to the Reviewed Documentation referred to in clauses (v) to (ix) of the definition of "Transaction Documents", and, where applicable, clauses (x) and (xi) of the definition of "Transaction Documents" as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of the Primary Obligations arising thereunder and as to the timing, conditions and circumstances in which payment obligations under such Primary Obligations may arise, but without regard to the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(c) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) The initial Protection Agreement Maximum shall be determined by the Province prior to the initial issuance of the first Funding Obligation. The initial Protection Agreement Maximum will be confirmed by the Province by notice in writing to OPG, as the FSM.

(b) Not less than ■ Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province a forecast setting out OPG's expectations regarding the aggregate maximum amount of

Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the applicable Financing Plan (the "**Initial Forecast**"). In determining the initial Protection Agreement Maximum, the Province may have regard to (but not be bound by) the Initial Forecast.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**").

(d) Upon receiving an updated Forecast, the Province shall determine whether or not the Protection Agreement Maximum will be revised. In determining whether the Protection Agreement Maximum will be revised, the Province may have regard to (but not be bound by) such updated Forecast. Any determination by the Province to revise the Protection Agreement Maximum will be confirmed by setting out a new Protection Agreement Maximum in a written notice from the Province to the FSM and the Indenture Trustee, the delivery of which will be conclusive evidence that such new Protection Agreement Maximum will apply until it may be further so revised.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, shall cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction

in which it carries on business, has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto and to own its property and carry on its business as currently conducted.

(c) OPG has been validly appointed, and has irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation of OPG enforceable against OPG in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG (including in its capacity as the FSM) or the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or the Financing Entity or in the ability of OPG or the Financing Entity to perform their respective obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or

instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

ARTICLE VI
ELECTION TO ASSUME APPROVED OBLIGATIONS

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) to elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to OPG a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) a draft version of the Assumption Agreement prepared in relation to each Obligation Secured, prepared in accordance with and having regard to the requirements of the relevant agreement(s) under which the Obligation Secured arises.

6.03 Settlement of Terms

Within 20 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will cause the Financing Entity to cooperate, and each shall use its best efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.[3]

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG will, and as FSM, will cause the Financing Entity to, ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity, permitting

[3] Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.

the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts.[4]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement (including in respect of its role as FSM under any Program Agreement);

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect on the date made; or

(c) OPG is no longer the FSM, the Administrative Agent or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM, the Administrative Agent or the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to OPG, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other

[4] Note: The Trust Indenture will need to include a clause providing that the obligations of the Financing Entity to the Indenture Trustee and the Noteholders may be assigned to the Province in accordance with an assumption agreement, substantially in the form set out in an exhibit to the Trust Indenture.

communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Confidentiality[5]

8.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

[5] To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

[FINANCING ENTITY TRUSTEE], IN ITS CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]

By: _____
Name:
Title:

[INDENTURE TRUSTEE], AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

["**Administrative Agent**" has the meaning ascribed thereto in the Change of Law Protection Agreement.]

["**Administrative Services Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.][6]

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, the FSM and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction,

[6] Note: To be confirmed if required.

collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means [■], a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(b).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(b).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

["**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.]

["**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.][7]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**PILs Regime**" means the Payment in Lieu of Taxes regime contemplated under the *Electricity Act* (Ontario).

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount determined by the Province and of which OPG is provided written notice in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

[7]Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement, the Administrative Services Agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement between the Financing Entity and the IESO; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any

other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

(form of Assumption Agreement to be attached, once settled)

Draft: November 2, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

[FINANCING ENTITY TRUSTEE] IN ITS CAPACITY AS TRUSTEE OF THE [FINANCING ENTITY]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

[NAME OF INDENTURE TRUSTEE], AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), **[FINANCING ENTITY TRUSTEE]**, as the Financing Entity Trustee and in its capacity as trustee of the **[FINANCING ENTITY]**, a trust settled by the FSM under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc. in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada, as Indenture Trustee and in its capacity as trustee for the in accordance with the Trust Indenture, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the FSM established the Financing Entity as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The trustee of the Financing Entity in its capacity as Financing Entity Trustee and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

OPG and the Province will concurrently enter into the Process Agreement, under which OPG will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved

Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity Trustee, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated

Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture. No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under

the Trust Indenture or other agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province upon performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY

HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity Trustee

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Financing Entity shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the Approved Obligations owing from time to time by the Financing Entity to the Indenture Trustee as and when they become due and payable, without Acceleration[1]. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation (without Acceleration) in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts owing by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[2], in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation, in each case by the Province depositing or causing the deposit of the applicable payment amount into the Collection Account (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation, including (i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event, and (ii) amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account or a Supplemental Reserve Account.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

---

[1] Consider mechanics for notifying the Province regarding the specific amounts payable and their due dates. Consider attaching a detailed schedule of payments under the Payment Demand and the respective due date of each payment.

[2] Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations", which in turn relies on the definition of Primary Obligations. The connection between a Primary Obligations and an "investment interest" is therefore crucial. Blakes is considering how to more precisely connect these concepts.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

2.02 Gross-up

[All amounts payable by the Province under this Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Province is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Province shall deposit into the Collection Account such additional amount as is necessary to ensure that the Indenture Trustee receives (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise due and payable in respect of the related Approved Obligation, net of any such taxes, charges, fees, levies, duties or withholdings.][3]

2.03 Absence of Set-off

The Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Collection Account in Satisfaction

Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Collection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation.[4] Upon a payment having been made by or on behalf of the Province into the Collection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable under the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[5].

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[3] Under consideration.

[4] This will need to operate in tandem with the Trust Indenture waterfall. The idea is that the Approved Obligations may not necessarily follow the sequence of the "payment waterfall" included in the Trust Indenture, and so amounts from the Province would need to operate independently.

[5] Consider how Beneficiary rights under Obligations Secured will be amended under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a corresponding provision should appear in the Trust Indenture and each other contract under which the Obligation Secured arises, to the effect that the Beneficiaries will be deemed to be bound by the agreement of the Indenture Trustee under this Agreement.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03].

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine,

provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (a) the Adherence Conditions applicable thereto have been satisfied; or (b) the Province has specifically approved in writing the particular terms, conditions and documentation for the Primary Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured;

(b) at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments[6] under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not exceed the Protection Agreement Maximum;

(c) the FSM delivers a notice to the Indenture Trustee, with a copy to the Province, one Business Day prior to the incurrence or any amendment of the Primary Obligation, setting out the Protection Agreement Maximum;

(d) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG) and addressed to the Province and the Indenture Trustee, one Business Day prior to the earlier of (i) one Business Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to the Primary Obligation:

i. confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation (if any), together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not and will not exceed the Protection Agreement Maximum; and

ii. confirmation that the FSM has delivered to the Province a certificate in accordance with the Process Agreement confirming, among other things,

[6] Use of the concept of "repayments" under the OFHPA for this purpose is under consideration.

that the transaction documents in respect of the Primary Obligation are in substantially the form of the documentation reviewed by the Province; and

(e) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

4.03 Evidence of Satisfaction

A closing certificate signed by at least two executive officers of OPG in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defect or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
RIGHTS OF THE PROVINCE

5.01 Assignment and Subrogation

Upon paying an amount in respect of an Approved Obligation:

(a) to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or

(b) as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI,

the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a secured party under the Trust Indenture) under such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including, if applicable, as a Noteholder) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Voting Rights under "Outstanding Notes"

Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[7]:

(a) Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and

(b) in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.

5.04 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured and constitute a Finance Amount.[8]

[7] This concept needs to be reflected in the Trust Indenture.

[8] General Regulation to be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[9]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee.

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

[9] Further details regarding obtaining of third party consents and rating agency approvals to be considered.

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

7.04 Release of all Collateral

(a) The Indenture Trustee shall not execute instruments to release Collateral from the Security Interest of the Trust Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, unless and until the rights and interests of the Province under Section 5.01 or otherwise as an assignee of any of the Obligations Secured or as a subrogee have been satisfied in full and the Province has no continuing obligations under this Agreement.

(b) The Province shall be entitled to receive at least 10 Business Days' written notice when the Indenture Trustee proposes to take any action pursuant to Subsection 7.04(a), accompanied by copies of any instruments involved.

7.05 Right to Notice and Attend Meetings

The Financing Entity shall ensure that the Province receives advance notice of any meeting or proposed written resolution of Specified Creditors (or any of them) and the Province and its legal advisers shall be permitted to attend and be represented at any meeting of such Specified Creditors.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**"):

(a) shall be provided by the FSM or the Province to the Indenture Trustee promptly following the occurrence of a Program Breach; and

(b) may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Financing Entity shall not incur any new or additional Obligation Secured and shall not amend or terminate any existing Obligation Secured except with the prior written consent of the Province.

8.03 Termination Notice

On the occurrence of a Suspension Event, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

[Financing Entity]
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

[Financing Entity Trustee], in its capacity as Financing Entity Trustee for [Financing Entity]
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Force Majeure

In no event shall the Indenture Trustee or the Financing Entity Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Financing Entity Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

9.08 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:

By: _____
Name:
Title:

[FINANCING ENTITY TRUSTEE], IN ITS CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]

By: _____
Name:
Title:

[INDENTURE TRUSTEE], AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[10] in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

["**Administrative Agent**" means OPG, in its capacity as administrative agent of the Financing Entity under the Administrative Services Agreement.]

["**Administrative Services Agreement**" means the administrative services agreement dated [■], 2017 between the Financing Entity and the Administrative Agent concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Financing Entity.][11]

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of OPG under the Process Agreement; or (b) any representation or warranty made by OPG, any certification made by OPG under the Process Agreement, or any certification made by OPG in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM, the Administrative Agent or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM, the Administrative Agent or the Manager.

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[10] Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.

[11] Note: To be confirmed if required.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Collection Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "Investment Interest" in the Act.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

["**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.]

["**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.][12]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

[12]Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured that is a Funding Obligation, other than (a) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; and (b) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and OPG.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Program Breach**" means an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Agreement Maximum"** means the dollar amount determined by the Province and of which OPG is provided notice in accordance with the Process Agreement.

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction (i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the Financing Entity's receipt of amounts in respect of its Investment Interest and (ii) issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

From:	Anna Strathy
To:	Anis Hirani
Cc:	Hresa Gavaris; Ken Kandeepan; Mike Manning; Ronald Kwan
Subject:	RE: Continuation: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel
Date:	Tuesday, November 14, 2017 8:27:34 AM

Hi Anis,

We are hosting a meeting here at 1 Dundas (Executive Boardroom) that will run from 10am to 1pm today. It occurred to me that we should probably provide lunch around noon.

Would you be able to take care of the lunch order? At this point, I'm not sure how many will attend in person versus dial-in. But at our last meeting of this length, we had almost everyone in the room. Perhaps you could use the same order that you used on Thursday, November 2nd?

Thanks, Anna

-----Original Appointment-----
From: Anna Strathy
Sent: Tuesday, November 14, 2017 8:14 AM
To: Anna Strathy; Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Hresa Gavaris; John Psinas; Steen Hume (CAB); Daniel Cayley (ENERGY); Tim Christie (ENERGY); Hilary Cox (ENE)
Subject: Continuation: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel
When: Tuesday, November 14, 2017 10:00 AM-1:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Executive Boardroom, 14th Floor, 1 Dundas OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Please advise me if you will attend in person and require access to the 14th floor of 1 Dundas.

The purpose of this meeting/call is to continue Friday's discussion of OPG's edits to the Protection and Process Agreements

Toll-free dial-in number: 1-866-602-5461

Local dial-in number: 416-212-8011

Conference ID: 4717656

OFA to Moderate

From:	Anna Strathy
To:	Hilary Cox (ENE)
Cc:	Ronald Kwan; Ken Kandeepan; Mike Manning
Subject:	RE: Continuation: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel
Date:	Tuesday, November 14, 2017 8:19:00 AM

Hi Hilary,

You may have seen the invite that I sent out just now to Steen, Daniel and Tim. This meeting will be the last opportunity for us to provide input/edits to the Provincial Protection and Process agreements as we have committed to assisting OPG in meeting their Board timelines (materials, including the Protection and Process Agreements must be sent to their Board members by tomorrow for their meeting on the 20th).

We would really appreciate representation from Energy at today's meeting – even just one representative would be sufficient – in order to make sure we are accounting for all of the policy considerations. Happy to discuss.

Thanks, Anna

-----Original Appointment-----
From: Anna Strathy
Sent: Tuesday, November 14, 2017 8:14 AM
To: Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Hresa Gavaris; John Psinas; Steen Hume (CAB); Daniel Cayley (ENERGY); Tim Christie (ENERGY)
Subject: Continuation: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel
When: Tuesday, November 14, 2017 10:00 AM-1:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Executive Boardroom, 14th Floor, 1 Dundas OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Please advise me if you will attend in person and require access to the 14th floor of 1 Dundas.

The purpose of this meeting/call is to continue Friday's discussion of OPG's edits to the Protection and Process Agreements

Toll-free dial-in number: 1-866-602-5461

Local dial-in number: 416-212-8011

Conference ID: 4717656

OFA to Moderate

From:	ASHBOURNE, STEPHEN
To:	Anna Strathy; Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); Hresa Gavaris; John Psinas; Steen Hume (CAB); Daniel Cayley (ENERGY); Tim Christie (ENERGY)
Subject:	RE: Continuation: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel
Date:	Wednesday, November 15, 2017 8:55:43 AM
Attachments:	RE Change of Law Protection Agreement and Change of Law Process Agreement.msg 23239360-vpdf-CLPA - Protection Agreement.PDF 23239361-vpdf-CLPA - Process Agreement.PDF

INTERNAL CIRCULATION – DO NOT ON-SEND

Attached for your information is the original transmittal to OPG/Dealers last night, including our mark-ups of the Protection Agreement and the Process Agreement. I have also included blacklines showing the changes to the agreements from the internal versions circulated to this group on Friday. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Appointment-----
From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: Tuesday, November 14, 2017 8:14 AM
To: Anna Strathy; Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); ASHBOURNE, STEPHEN; Hresa Gavaris; John Psinas; Steen Hume (CAB); Daniel Cayley (ENERGY); Tim Christie (ENERGY)
Subject: Continuation: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel
When: Tuesday, November 14, 2017 10:00 AM-1:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Executive Boardroom, 14th Floor, 1 Dundas OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Please advise me if you will attend in person and require access to the 14th floor of 1 Dundas.

The purpose of this meeting/call is to continue Friday's discussion of OPG's edits to the Protection and Process Agreements

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653

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From: ASHBOURNE, STEPHEN [STEPHEN.ASHBOURNE@blakes.com]
To: Sebastiano, Rocco [RSebastiano@osler.com]; Ramchandani, Rima [rramchandani@torys.com]; VINER, JON [JON.VINER@blakes.com]; PRESTAGE, JA [JA.PRESTAGE@blakes.com]; Malle Hanslep (MOF) [Malle.Hanslep@ontario.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; Tom McKinlay (MAG) [Tom.McKinlay@ontario.ca]; Alena.Thouin@ontario.ca [Alena.Thouin@ontario.ca]
CC: Feldman, Michael [mfeldman@torys.com]; Mansoori, Nina [nmansoori@torys.com]; Saulnier, Brett [bsaulnier@torys.com]; 'WONG Leslie -LAWDIV' [leslie.wong@opg.com]; LEE John -TREASURY [john.s.lee@opg.com]; RYFA Ken -TREASURY [ken.ryfa@opg.com]; Milligan, Peter [PMilligan@osler.com]; Fullerton, Rick [RFullerton@osler.com]; 'Persaud, Donnie - Debt Capital Markets' [Donnie.Persaud@cibc.com]; Adalja, Sunil [Sunil.Adalja@cibc.com]; Maciel, Andrew [Andrew.Maciel@cibc.com]; 'Benaiah, Ian' [ian.benaiah@rbccm.com]; 'Khan, Nur (nur.khan@rbccm.com)' [nur.khan@rbccm.com]; 'brent.r.taylor@rbccm.com' [brent.r.taylor@rbccm.com]; Niehaus, Katrina [Katrina.Niehaus@gs.com]; Delaney, Brian [Brian.Delaney@gs.com]; Conner, Robbin [Robbin.Conner@gs.com]
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement
Date: Tuesday, November 14, 2017 21:30:27
Attachment 1: image001.gif
Attachment 2: image002.gif
Attachment 3: image003.gif
Attachment 4: 23239360-vpdf-CLPA - Protection Agreement.pdf
Attachment 5: 23239360-vpdf-CLPA - Protection Agreement.pdf
Attachment 6: 23239361-vpdf-CLPA - Process Agreement.PDF
Attachment 7: 23239361-v10-CLPA - Process Agreement.DOCX
Attachment 8: 23239361-vpdf-CLPA - Process Agreement.PDF
Attachment 9: 23239360-v12-CLPA - Protection Agreement.DOCX

Please find attached revised versions of the Protection and Process Agreements. The blacklines show changes to the November 2nd (Province/Blakes) and November 8th (OPG/Dealers/Osler/Torys) circulated versions. In the interest of time, these versions are being circulated at the same time to the Province and so remain subject to comment. Please let us know if you have any comments or concerns. Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Thursday, November 09, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian;

Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.

The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.

Regards, Rocco

Rocco Sebastiano
Partner

416.862.5859

DIRECT

416.862.6666

FACSIMILE

rsebastiano@osler.com

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

[osler.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Hill, Krista <khill@torys.com>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to OPG, E&Y, Osler and the Dealers, reflecting that understanding.

We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

_____

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
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osler.com

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

~~[FINANCING ENTITY TRUSTEE] IN ITS CAPACITY AS TRUSTEE OF THE [FINANCING ENTITY]~~COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

~~[NAME OF INDENTURE TRUSTEE]~~BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), ~~**[FINANCING ENTITY TRUSTEE]**, as the Financing Entity Trustee and~~Computershare Trust Company of Canada, in its capacity as trustee ~~of the **[FINANCING ENTITY]**, a trust settled by the FSM~~(the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and ~~**[INDENTURE TRUSTEE]**~~BNY Trust Company of Canada, a trust company existing under the laws of Canada, as ~~Indenture Trustee and in its capacity as trustee for the in accordance with the Trust~~ Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the ~~FSM established the~~ Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity ~~in its capacity as Financing Entity Trustee~~, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the

[1] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

~~OPG~~The FSM and the Province will concurrently enter into the Process Agreement, under which ~~OPG~~the FSM will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity ~~Trustee~~, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected

and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture. No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other ~~agreement~~Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province ~~upon~~to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity ~~Trustee~~

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the

Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the ~~Financing Entity~~Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the amount of the Approved Obligations ~~owing~~that would have been payable from Available Collections had the Protection Event not occurred[3] from time to time by the Financing Entity to the Indenture Trustee as and when they become due and payable, without Acceleration[1]. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation, ~~(~~without Acceleration~~)~~, in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts ~~owing~~that would have been payable from Available Collections had the Protection Event not occurred by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[2], in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined

[3] The amount "owing" under an obligation (i.e., balloon) will different from the amount available to be paid in respect of such owed amount (based on Available Collections). The Province is not obligated to pay more than the obligations that would have been paid from CEAs had they been collected.

~~[1] Consider mechanics for notifying the Province regarding the specific amounts payable and their due dates. Consider attaching a detailed schedule of payments under the Payment Demand and the respective due date of each payment.~~

~~[2] Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations", which in turn relies on the definition of Primary Obligations. The connection between a Primary Obligations and an "investment interest" is therefore crucial. Blakes is considering how to more precisely connect these concepts.~~

payment date, as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation, in each case by the Province depositing or causing the deposit of the applicable payment amount into the ~~Collection Account~~ Protection Account[4] on or before the day on which the applicable Approved Obligation becomes due and payable in accordance with its terms (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation~~, including (i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event, and (ii) amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account or a Supplemental Reserve Account~~.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

2.02 ~~Gross-up~~Intentionally Deleted.

~~[All amounts payable by the Province under this Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Province is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Province shall deposit into the Collection Account such additional amount as is necessary to ensure that the Indenture Trustee receives (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise due and payable in respect of the related Approved Obligation, net of any such taxes, charges, fees, levies, duties or withholdings.]~~[3]

[4] Province needs to see how the Trust Indenture will be modified to address addition of Protection Account (i.e., payment mechanics; Protection Account to be part of the Collateral; mechanics of how funds move to Collection Account; absence of equitable claims; etc.). Province will need to know that all amounts will be applied for their intended purposes without undermining Province's step-in and subrogation rights.

[3] ~~Under consideration.~~

2.03 Absence of Set-off

~~The~~Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into ~~Collection~~Protection Account[5] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the ~~Collection~~Protection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation.[4] Upon a payment having been made by or on behalf of the Province into the ~~Collection~~Protection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable ~~under~~to such Beneficiaries in respect of the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved

[5] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

[4] ~~This will need to operate in tandem with the Trust Indenture waterfall. The idea is that the Approved Obligations may not necessarily follow the sequence of the "payment waterfall" included in the Trust Indenture, and so amounts from the Province would need to operate independently.~~

Obligation to the extent so paid[5]6. For greater certainty, the obligations arising in respect of the Approved Obligation shall not be reduced by such payment as the Province shall become entitled to the rights contemplated under Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment,

[5] ~~Consider how Beneficiary rights under Obligations Secured will be amended under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a~~[6] A corresponding provision ~~should appear in~~needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, ~~to the effect~~so that the Beneficiaries ~~will be deemed to be~~are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03~~]~~.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine,

provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if ~~(a)~~ the Adherence Conditions applicable thereto have been satisfied~~; or (b) the Province has specifically approved in writing the particular terms, conditions and documentation for the Primary Obligation~~.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

~~(b) at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments[6] under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not exceed the Protection Agreement Maximum;~~

~~(c) the FSM delivers a notice to the Indenture Trustee, with a copy to the Province, one Business Day prior to the incurrence or any amendment of the Primary Obligation, setting out the Protection Agreement Maximum;~~

(b) ~~(d)~~ the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the ~~Province and the~~ Indenture Trustee, ~~one Business Day~~ prior to the earlier of (i) one Business Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), ~~setting out the following with respect to the Primary Obligation:~~confirming that the FSM

[6] ~~Use of the concept of "repayments" under the OFHPA for this purpose is under consideration.~~

has delivered to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement; and

~~i. confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation (if any), together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not and will not exceed the Protection Agreement Maximum; and~~

~~ii. confirmation that the FSM has delivered to the Province a certificate in accordance with the Process Agreement confirming, among other things, that the transaction documents in respect of the Primary Obligation are in substantially the form of the documentation reviewed by the Province; and~~

(c) ~~(c)~~ the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.[7]

4.03 Evidence of Satisfaction

A closing certificate ~~signed by at least two executive officers of OPG~~delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be ~~defect~~defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
~~RIGHTS OF THE~~ PROVINCE MATTERS

5.01 Assignment and Subrogation

~~Upon paying an amount in respect of an Approved Obligation:~~

~~(a) to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or~~

~~(b) as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI,~~

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the

[7] Province wants this mechanic embedded in the adherence conditions so it is explicitly understood and mechanically contemplated as the way the Province be sure future Limited Guarantees are cut-off opposite the indenture trustee.

Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a ~~secured party~~Specified Creditor under the Trust Indenture~~)~~ on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including~~, if applicable, as a Noteholder~~ as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(a) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

~~5.03 Voting Rights under "Outstanding Notes"~~

~~Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[7]:~~

~~(a) Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and~~

~~(b) in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.~~

5.03 ~~5.04~~ Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[8]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution, delivery and performance of this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

[7] ~~This concept needs to be reflected in the Trust Indenture.~~

[8] ~~General Regulation to be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE~~ Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[9]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee~~.~~ but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: Need to move Article VI of the Change of Law Process Agreement into this Article VI and amend accordingly.[10] Also, we will need to attach the form of Assumption Agreement as an Exhibit to this Agreement that will be used for the assignment and assumption of all Obligations Secured. Contrary to the statement in Section 6.02(f) of the Change of Law Protection Agreement, there will not be a separate form of Assumption Agreement for each Obligation Secured.[11]]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

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[9] Further details regarding obtaining of third party consents and rating agency approvals to be ~~considered~~provided by OPG.

[10] The idea was to not burden the external agreement with the necessary steps for the Province to be in a position to step-in. If the preference is to include more in this external agreement, the Province will not object subject to further consideration of drafting issues.

[11] It has been assumed that there may be variations depending on the nature of the underlying obligations. A root form of Assumption Agreement, modified to conform substantially to that form in connection with a particular obligation, was the idea. To be further discussed.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize

the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

~~7.04~~ ~~**Release of all Collateral**~~

~~(a) The Indenture Trustee shall not execute instruments to release Collateral from the Security Interest of the Trust Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, unless and until the rights and interests of the Province under Section 5.01 or otherwise as an assignee of any of the Obligations Secured or as a subrogee have been satisfied in full and the Province has no continuing obligations under this Agreement.~~

~~(b) The Province shall be entitled to receive at least 10 Business Days' written notice when the Indenture Trustee proposes to take any action pursuant to Subsection 7.04(a), accompanied by copies of any instruments involved.~~

~~7.05~~ ~~**Right to Notice and Attend Meetings**~~

~~The Financing Entity shall ensure that the Province receives advance notice of any meeting or proposed written resolution of Specified Creditors (or any of them) and the Province and its legal advisers shall be permitted to attend and be represented at any meeting of such Specified Creditors.~~

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 ~~**Suspension Notice**~~**Suspension Notice**

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity:

(a) ~~shall be provided by the FSM or the Province to the Indenture Trustee promptly following~~upon the Province becoming aware of the occurrence of a Program Breach; and

(b) ~~may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity~~ following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the ~~Financing Entity~~Limited Guarantee shall not ~~incur~~apply in respect of any ~~new or additional Obligation Secured and shall not amend or terminate any existing Obligation Secured except with the prior written consent of the Province~~Obligation Secured incurred on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred on or after the time such Suspension Notice is delivered.

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").[12]

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

[12] The suspension right in favour of the Province is intended to allow the Province to cut-off future obligations under this Agreement, but not affect rights that have arisen prior to the suspension notice. The termination notice is a further step that allows the Province to bring this agreement to an end, but that only happens (under section 9.01) after all amounts capable of becoming due under the Limited Guarantee have been paid (i.e., the last obligation incurred prior to the suspension notice has been satisfied), including as a result of an assumption under Art VI.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

~~[Financing Entity]~~

~~c/o Ontario Power Generation Inc.~~

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

~~[Financing Entity Trustee]~~Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for ~~[Financing Entity]~~
~~[Address]~~Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 ~~Force Majeure~~Intentionally Deleted

~~In no event shall the Indenture Trustee or the Financing Entity Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Financing Entity Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.~~

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries are not parties to this Agreement and accordingly any benefits derived hereunder shall arise exclusively through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 ~~9.08~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:
By: _____
Name:
Title:

~~**[FINANCING ENTITY TRUSTEE], IN ITS CAPACITY AS FINANCING ENTITY**~~**COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE** ~~**FOR [FINANCING ENTITY]**~~**OF FAIR HYDRO TRUST**

By: _____
Name:
Title:

~~**[INDENTURE TRUSTEE]**~~**BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL**

CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[10] in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

~~["**Administrative Agent**" means OPG, in its capacity as administrative agent of the Financing Entity under the Administrative Services Agreement.]~~

~~["**Administrative Services Agreement**" means the administrative services agreement dated [■], 2017 between the Financing Entity and the Administrative Agent concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Financing Entity.]~~[11]

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of ~~OPG~~the FSM under the Process Agreement; or (b) any representation or warranty made by ~~OPG~~the FSM, any certification made by ~~OPG~~the FSM under the Process Agreement, or any certification made by ~~OPG~~the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM~~, the Administrative Agent~~ or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as

~~[10] Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.~~
~~[11] Note: To be confirmed if required.~~

the FSM~~, the Administrative Agent~~ or the Manager.][has the meaning ascribed thereto in the Process Agreement.][13]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

~~"**Collection Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

[13] Consider this longer version to avoid hard-coding Process Agreement into this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "~~Investment Interest~~investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

~~[~~"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.~~]~~

~~[~~"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.~~]~~[12]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, ~~and acknowledged and~~

[12] ~~Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.~~

~~accepted by~~as may be amended prior to the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation~~,~~ or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (~~a~~i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; ~~and~~ (~~b~~ii) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (iii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; (iv) any amount payable under a Derivative Agreement in respect of a "termination payment" where the Financing Entity's counterparty under the Derivative Agreement is a "defaulting party" or the sole "affected party" (as such terms are given meaning under the Derivative Agreement); and (v) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and ~~OPG~~[the FSM].

["**Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection ~~Agreement Maximum"~~** ~~means the dollar amount determined by the Province and of which OPG is provided notice in accordance with the Process Agreement.~~**Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts ~~on~~in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction (i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity~~'s receipt of~~ to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, and (ii)

issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on Tuesday, November 14, 2017 7:59:23 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/9
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Document 2 ID	PowerDocs://TOR_2528/23239360/12
Description	TOR_2528-#23239360-v12-CLPA_-_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Deletions	150
Moved from	6
Moved to	6
Style change	0
Format changed	0
Total changes	326

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~, BY ITS MANAGER, ONTARIO POWER GENERATION INC.~~

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), ~~Ontario Power Generation Inc., as the Manager and~~Computershare Trust Company of Canada, in its capacity as ~~Manager~~trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust ~~settled by the FSM~~ under the laws of the Province of Ontario (the "**Financing Entity**")[1], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity~~"), Ontario Power Generation Inc.~~ and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee ~~and in its capacity as trustee for the Beneficiaries in accordance with the Trust Indenture~~, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The ~~FSM, as agent of the~~ Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the

[1] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

The FSM and the Province will concurrently enter into the Process Agreement, under which the FSM will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor~~, except in each case as referenced in the definition of Protection Event~~;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 ~~1.02~~ Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 ~~1.03~~ Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected

and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture. No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.

1.05 ~~1.04~~ Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province ~~upon~~to the extent of the performance by the Province of the Primary Obligation. ~~To the extent of any conflict between this Agreement and the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail.~~

1.06 ~~1.05~~ Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 ~~1.06~~ Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 ~~1.07~~ Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 ~~1.08~~ Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 ~~1.09~~ Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 ~~1.10~~ Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 ~~1.11~~ Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 ~~1.12~~ Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 ~~1.13~~ Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 ~~1.14~~ Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 ~~1.15~~ Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 ~~1.16~~ Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 ~~1.17~~ References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, ~~the FSM as agent for~~ the Financing Entity Trustee ~~(in its capacity~~ as trustee of the Financing Entity~~). [NTD: Discuss whether the Financing Entity Trustee should be a party to this Agreement and references to the Financing Entity Trustee re-inserted into this section and others.]~~.

1.19 ~~1.18~~ Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall,

notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the amount of the Approved Obligations ~~owing~~that would have been payable from Available Collections had the Protection Event not occurred[3] from time to time by the Financing Entity to the Indenture Trustee as and when they become due and payable[1], without Acceleration. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation, without Acceleration, in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts ~~owing~~that would have been payable from Available Collections had the Protection Event not occurred by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[2], in each case as

[3] The amount "owing" under an obligation (i.e., balloon) will different from the amount available to be paid in respect of such owed amount (based on Available Collections). The Province is not obligated to pay more than the obligations that would have been paid from CEAs had they been collected.

[1] ~~Consider mechanics for notifying the Province regarding the specific amounts payable and their due dates. Consider attaching a detailed schedule of payments under the Payment Demand and the respective due date of each payment.~~

[2] ~~Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations", which in turn relies on the definition of Primary Obligations. The connection between a Primary Obligations and an "investment interest" is therefore crucial. Blakes is considering how to more precisely connect these concepts.~~

and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation, in each case by the Province depositing or causing the deposit of the applicable payment amount into the Protection Account ~~5 Business Days prior to the fifteen day of each calendar month~~[4] on or before the day on which the applicable Approved Obligation becomes due and payable in accordance with its terms (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

2.02 ~~Gross-up~~Intentionally Deleted.

~~All amounts payable by the Province under this Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Province is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Province shall deposit into the Protection Account such additional amount as is necessary to ensure that the Indenture Trustee receives (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise due and payable in respect of the related Approved Obligation, net of any such taxes, charges, fees, levies, duties or withholdings.~~

2.03 Absence of Set-off

~~The~~Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as

[4] Province needs to see how the Trust Indenture will be modified to address addition of Protection Account (i.e., payment mechanics; Protection Account to be part of the Collateral; mechanics of how funds move to Collection Account; absence of equitable claims; etc.). Province will need to know that all amounts will be applied for their intended purposes without undermining Province's step-in and subrogation rights.

required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[5] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture ~~as if~~on the basis that it ~~were~~is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Protection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation. Upon a payment having been made by or on behalf of the Province into the Protection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable ~~under~~to such Beneficiaries in respect of the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[3~~6~~]. For greater certainty, the obligations arising in respect of the Approved Obligation shall not be reduced by such payment as the Province shall become

[5] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

[3] ~~Consider how Beneficiary rights under Obligations Secured will be amended under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a~~[6] A corresponding provision ~~should appear in~~needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, ~~to the effect~~so that the Beneficiaries ~~will be deemed to be~~are bound by these applications and the agreement of the Indenture Trustee under this Agreement. ~~Please see our addition in Section 9.08. The Specified Creditors already make the necessary acknowledgement in Article 5 of the Trust Indenture. Isn't this also addressed in section 1.03 above?~~

entitled to the rights contemplated under Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety. ~~**[NTD: Further consideration required as to whether there should be a waiver of any other equitable defences.]**~~

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations ~~and termination of the Trust Indenture~~, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine~~.~~,

provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

~~(b) [NTD: already covered in process certificate in section 3.01 of the Process Agreement]~~

~~(c) [NTD: already covered under Process Agreement.]~~

(b) ~~(d)~~ the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided ~~in OPG's~~by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, ~~one Business Day~~ prior to the earlier of (i) one Business Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), confirming that the FSM has delivered to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement; and

(c) ~~(e) [NTD: This is more properly dealt with in Section 8.02~~the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.~~]~~ [7]

[7] Province wants this mechanic embedded in the adherence conditions so it is explicitly understood and mechanically contemplated as the way the Province be sure future Limited Guarantees are cut-off opposite the indenture trustee.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

~~(a) Upon paying an amount in respect of an Approved Obligation:~~

~~i. to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or~~

~~ii. [as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI,] [NTD: This requires further discussion depending on the terms of the assignment and assumption agreement. If the Obligations Secured are assigned and assumed by the Province under Article VI, how would the Province be subrogated and entitled to the Beneficiary's rights and interests under the Approved Obligation? Consider limiting the application of this section 5.01 to the Limited Guarantee.]~~

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. ~~Subject to Section 5.01(b), the~~The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture~~)~~ on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the

Financing Entity. ~~Subject to Section 5.01(b), the~~The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including~~, if applicable, as a Noteholder~~ as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(a) ~~(b) the~~The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province~~ will be a Specified Creditor hereunder and its entitlements~~, in its capacity as a Specified Creditor~~ are~~, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including~~, without limitation,~~ **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]**~~, (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in **[Article VI and Sections 7.04 and 8.13 of the Trust Indenture]**, (iii) appoints the Indenture Trustee as its agent for any and all such purposes, and (iv~~ and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

~~5.03 Voting Rights under "Outstanding Notes"~~

~~**[Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[4]:**~~

~~[4] This concept needs to be reflected in the Trust Indenture. This requires further discussion (see NTD above).~~

(a) **Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and**

(b) **in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.] [NTD: To be discussed. Giving these voting rights to the Province may affect the marketability of the debt under this program.]**

5.03 5.04 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[5][8] **[NTD: Discussion required as to how these repayments will be dealt with under the MTI, and in particular, under the waterfall provisions.]**

5.04 5.05 Representations and Warranties

The Province hereby represents and warrants that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(a) (b) the execution, delivery and performance by the Province of this Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any applicable law;of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) (c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the

[5] General Regulation to be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE[8] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

~~execution and~~the execution, delivery and performance of this Agreement by the Province ~~and the performance by the Province of its obligations hereunder~~do not result in the violation of any applicable law; and

(c) ~~(d)~~ this Agreement has been duly ~~authorized,~~ executed and delivered ~~on behalf of~~by the Province ~~and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms~~.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[~~6~~9]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead ~~be~~become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: Need to move Article VI of the Change of Law Process Agreement into this Article VI and amend accordingly.[10] Also, we will need to attach the form of Assumption Agreement as an Exhibit to this Agreement that will be used for the assignment and assumption of all Obligations Secured. Contrary to the statement in**

[~~6~~9] Further details regarding obtaining of third party consents and rating agency approvals to be ~~considered~~provided by OPG.

[10] The idea was to not burden the external agreement with the necessary steps for the Province to be in a position to step-in. If the preference is to include more in this external agreement, the Province will not object subject to further consideration of drafting issues.

Section 6.02(f) of the Change of Law Protection Agreement, there will not be a separate form of Assumption Agreement for each Obligation Secured.[11]]

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

[11] It has been assumed that there may be variations depending on the nature of the underlying obligations. A root form of Assumption Agreement, modified to conform substantially to that form in connection with a particular obligation, was the idea. To be further discussed.

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

~~**[Note: Any right to such matters will be the general rights of Specified Creditors as set out in the Trust Indenture.]**~~

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 ~~Suspension Notice~~Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity:

(a) ~~shall be provided by the Province to the Indenture Trustee promptly following~~upon the Province becoming aware of the occurrence of a Program Breach; and

(b) ~~may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity~~ following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), this Change of Law Protection Agreementthe Limited Guarantee shall not apply in respect of any new Primary Obligation followingSecured incurred on or after the date oftime such Suspension Notice. **[NTD: Deletion of "or additional" is address the situation where a then current Primary Obligation requires an additional Primary Obligation in accordance with its terms of the MTI.]** is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred on or after the time such Suspension Notice is delivered.

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**"). Upon the delivery of such Termination Notice, the Province shall assume the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI **[NTD: If the Province terminates the program, it must assume the obligations of the Financing Entity.]**[12]

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with this AgreementArticle VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the [later] of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and the Trust Indenture has been terminated;

(b) **[subject to Section 8.04,] [NTD: Should this clause subject to section 8.04?]** following receipt ofthe date that a Termination Notice from the

[12] The suspension right in favour of the Province is intended to allow the Province to cut-off future obligations under this Agreement, but not affect rights that have arisen prior to the suspension notice. The termination notice is a further step that allows the Province to bring this agreement to an end, but that only happens (under section 9.01) after all amounts capable of becoming due under the Limited Guarantee have been paid (i.e., the last obligation incurred prior to the suspension notice has been satisfied), including as a result of an assumption under Art VI.

~~Province~~delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity~~, the Assumption Effective Date being the date that the Province has assumed the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI; and~~.

~~(c) [subject to Section 8.04,] [NTD: Should this clause subject to section 8.04?] following receipt of an Assumption Notice from the Province by the Indenture Trustee, the Assumption Effective Date being the date that the Province has assumed the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI.~~

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]

Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement~~ and all such Persons who are Beneficiaries derive their rights~~. Beneficiaries are not parties to this Agreement and accordingly any benefits derived hereunder shall arise exclusively through the Indenture Trustee and ~~such rights are~~shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture. ~~**[NTD: Consider merging this section 9.08 with section 1.03.]**~~

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~, BY ITS MANAGER, ONTARIO POWER GENERATION INC.~~

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[7] in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.][13]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

[7] ~~Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.~~

[13] Consider this longer version to avoid hard-coding Process Agreement into this Agreement.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as may be amended prior to the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured ~~that is a Funding Obligation or otherwise constitutes a Finance Amount.~~(a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; (ii) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (iii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; (iv) any amount payable under a Derivative Agreement in respect of a "termination payment" where the Financing Entity's counterparty under the Derivative Agreement is a "defaulting party" or the sole "affected party" (as such terms are given meaning under the Derivative Agreement); and (v) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM].

[**"Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Program Breach**" means ~~[~~an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture~~]~~ or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.~~] [NTD: To be discussed.]~~

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, ~~**[NTD: Further discussion required as to whether the Province controls the OEB for purposes of a Protection Event.]**~~

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction (i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, ~~or~~and (ii) issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on Tuesday, November 14, 2017 8:00:39 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/10
Description	TOR_2528-#23239360-v10-CLPA_-_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/12
Description	TOR_2528-#23239360-v12-CLPA_-_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	155
Deletions	161
Moved from	8
Moved to	8
Style change	0
Format changed	0
Total changes	332

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.[, AS FINANCIAL SERVICES MANAGER[1]]

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

[1] OPG to consider if this agreement should form part of the overall covenant pattern (Program Agreement). We assume not. If OPG signs as FSM, consider the potential impact on the Trust, if the FSM is considered to be contracting on behalf of the Trust as principal. The intention was to keep these terms 'behind the scenes' and as between OPG and the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**")[, as Financial Services Manager for the Financing Entity in accordance with the Act,] is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[1]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, the [FSM] provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to [the FSM] that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations [the FSM] has agreed to perform and assurances [the FSM] has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of [the FSM], and of the Province in accordance with the Act, have been done.

[1] ~~Note: This draft only addresses the first Financing Entity. If additional financing entities are established, revisions to this Agreement may be made at that time, in context. Any additional financing entities contemplated should be as contemplated in the Financing Plan.~~

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor~~, except in each case as referenced in the definition of Protection Event~~;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to ~~the FSM, as agent of~~ the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 ~~1.01~~ Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.11 ~~1.10~~ Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.12 ~~1.11~~ Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF [THE FSM]

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, [the FSM] shall deliver to the Province a copy of the initial Financing Plan. Thereafter, [the FSM] shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, [the FSM] shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, [the FSM] shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) Promptly upon request, [the FSM] shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) [The FSM] shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;

(B) consent to the resignation of the Manager under the Management Agreement; or

(C) ~~(B)~~ permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) [The FSM ~~shall use commercially reasonable efforts~~] shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto; ~~and~~

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iii) ~~(ii) to,~~ after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify the FSM ~~or the Financing Entity~~, the latter shall prevail. [For clarity, OPG's obligations under this Agreement are solely in its capacity as the FSM.]

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

[The FSM] shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of ~~the FSM~~OPG (or their respective designees, provided that such designees are also executive officers of ~~the FSM~~OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation, and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Primary Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Primary Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination and the Province provided its written consent to such use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made and for which the Province had previously provided its written consent;

(e) ~~(d)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) ~~(e)~~ confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments ~~shall not include any payments or outstanding amounts due or becoming dues in the future in respect of any Primary Obligations arising under or in connection with a Derivative Agreement~~under Obligations Secured owing in currencies other than Canadian dollars and in respect of which a Derivative Agreement has been entered into to hedge related currency exposures shall be valued for this purpose on the basis of the hedged value expressed in Canadian dollars for so long as such Derivative Agreement is in good standing.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the "process certificate" referred to in Subsection 4.02(~~d~~b) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to [the FSM]; ~~and~~or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to [the FSM].

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation ~~that would be adverse to the Issuer~~, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up,

liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 or Article VI of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with Article VI of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) [Not less than [■]15 Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which shall be based onmay not exceed the Initial Forecast.

(b) Not more than [■]10 Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province shall confirm its agreement with the initial Protection Agreement Maximum or if the Province does not agree with the determination of the initial Protection Agreement Maximum, which disagreement may only be on the basis that the Initial Forecast does not accord with the Financing Plan and not on any other basis, the Province andmay disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG willshall discuss andany discrepancies with the

Province, address any inaccuracies ~~in the Financing Plan~~ and inconsistencies to the reasonable satisfaction of ~~both parties~~the Province, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.~~]~~

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently with the consent of the Province if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum ~~based on~~, which may not exceed such Forecast.

(d) Not more than ~~[■]~~10 Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province ~~shall confirm its agreement with the revised Protection Agreement Maximum or if the Province does not agree with the determination of the revised Protection Agreement Maximum, which disagreement may only be on the basis that the further Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will~~may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss ~~and~~any discrepancies with the Province, address any inaccuracies ~~in the Financing Plan~~ and inconsistencies to the reasonable satisfaction of ~~both parties~~the Province, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars and in respect of which a Derivative Agreement has been entered into to hedge related currency exposures shall be valued for the purposes of this Section 4.01 on the basis of the hedged value expressed in Canadian dollars for so long as such Derivative Agreement is in good standing.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of [the FSM]

[The FSM] represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, ~~shall use commercially reasonable efforts to~~may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has been validly appointed, and has irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) ~~(c)~~ The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation~~ of the Financing Entity enforceable against the Financing Entity~~ in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) ~~(d)~~ There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) ~~(e)~~ The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

~~(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;~~

(a) ~~(b)~~ the execution, delivery and performance ~~by the Province~~ of this Agreement ~~does not and will not result in a violation of any applicable law;~~by the Province have been authorized by all necessary action on the part of the Province;

(b) ~~(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and~~the execution, delivery and performance of this Agreement by the Province ~~and the performance by the Province of its obligations hereunder~~do not result in the violation of any applicable law; and

(c) ~~(d)~~ this Agreement has been duly ~~authorized,~~ executed and delivered ~~on behalf of~~by the Province ~~and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms~~.

ARTICLE VI
ELECTION[2] TO ASSUME APPROVED OBLIGATIONS~~[2]~~

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to [the FSM] a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to [the FSM] (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to [the FSM], [the FSM] shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

[2] OPG's proposal to move Art VI to the Protection Agreement is not consistent with the original basis for the Process Agreement - to keep the details and plumbing out of the "external" document. If we move toward putting all of this into the Protection Agreement, it will raise additional drafting issues (e.g., we will have to have a parallel "Breach Event" concept in the Protection Agreement that will deal with these sorts of undertakings and allow for a suspension of the Limited Guarantee). OPG to advise if that approach is preferred.

~~[2] Note to Province/Blakes: Article 6 to be moved and merged with Article 6 of the Change of Law Protection Agreement with appropriate revisions. It is more appropriate in that agreement. See also the comments in Article 6 of the Change of Law Protection Agreement.~~

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) the form of Assumption Agreement in respect of the assignment and assumption of all Obligations Secured ~~is~~ attached as Exhibit E to the Change of Law Protection Agreement.[3]

6.03 Settlement of Terms

Within ~~20~~30 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

6.04 Cooperation to Implement the Assignment and Assumption

[The FSM] shall cooperate with the Province and will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.[4]

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, [the FSM ~~will use commercially reasonable efforts to~~] shall cause the Financing Entity ~~to, use commercially reasonably efforts~~ to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts~~; provided that, this Section 6.05 shall not apply to any Obligations Secured~~, other than to the extent of payment obligations

[3] ~~Note to Province: A~~Torys to provide a draft of the proposed form of global Assumption Agreement for all Obligations Secured ~~is required. It is impractical to have an~~. The Province may be guided by OPG on this, but we note that it seems simplistic to think that the same assumption agreement ~~for each type of Obligation Secured~~will work for swaps, debt and service obligations.

[4] ~~Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.~~

arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[~~5~~4]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of [the FSM] under this Agreement, which continues for ~~sixty~~thirty (~~60~~30) days after written notice by the Province to [the FSM] of such default or breach;

(b) any representation or warranty made by [the FSM] in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section ~~4.03~~4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within ~~sixty~~thirty (~~60~~30) days after written notice by the Province to [the FSM] of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager. ~~**[NTD: The FSM is a statutory role and OPG can only be removed as FSM by the Province.]**~~

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to [the FSM], and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, [the FSM] and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

[~~5~~] ~~Note:~~ [4]The Trust Indenture will need to ~~include a clause providing that~~permit the obligations of the Financing Entity to the Indenture Trustee and the Noteholders ~~may~~to be assigned to and assumed by the Province in accordance with an assumption agreement, substantially in ~~the~~a form of agreement to be set out in an exhibit to the Trust Indenture. ~~**[NTD: The form of Assumption Agreement shall**~~The Province agrees that the same form of the assumption agreement should also be an exhibit to the Change of Law Protection Agreement ~~**(consistent with our comment to move Article 6 here to the Change of Law Protection Agreement). We**~~, The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to ~~**otherwise**~~ address ~~**your comment**~~this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured ~~**pursuant to Sections 5.01(f) and 5.03(b) of the MTI, and (ii) we will add language in section 11.01 of the MTI that allows**~~on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.~~**]**

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

~~8.06 Intentionally Deleted~~[6]

8.06 ~~8.07~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

[6] ~~To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province.~~ **~~[NTD: The existence and details of this Agreement and the Change of Law Protection Agreement cannot be confidential. It will need to be disclosed to the Rating Agencies and to potential investors.]~~**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC., ~~SOLELY~~ [AS FINANCIAL SERVICES MANAGER TO THE FINANCING ENTITY]

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~, BY ITS MANAGER, ONTARIO POWER GENERATION INC.~~

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount [referenced as the Program Agreement Maximum in accordance with Article IV].

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

Document comparison by Workshare Compare on Tuesday, November 14, 2017 8:22:37 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/8
Description	TOR_2528-#23239361-v8-CLPA_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/10
Description	TOR_2528-#23239361-v10-CLPA_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	173
Deletions	108
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	291

Draft: November 14, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.[, AS FINANCIAL SERVICES MANAGER[1]]

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

[1] OPG to consider if this agreement should form part of the overall covenant pattern (Program Agreement). We assume not. If OPG signs as FSM, consider the potential impact on the Trust, if the FSM is considered to be contracting on behalf of the Trust as principal. The intention was to keep these terms 'behind the scenes' and as between OPG and the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**")[, as Financial Services Manager for the Financing Entity in accordance with the Act,] is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, the [FSM] provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to [the FSM] that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations [the FSM] has agreed to perform and assurances [the FSM] has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of [the FSM], and of the Province in accordance with the Act, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.11 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.12 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF [THE FSM]

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, [the FSM] shall deliver to the Province a copy of the initial Financing Plan. Thereafter, [the FSM] shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, [the FSM] shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, [the FSM] shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) Promptly upon request, [the FSM] shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) [The FSM] shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;

(B) consent to the resignation of the Manager under the Management Agreement; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) [The FSM] shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iii) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify the FSM, the latter shall prevail. [For clarity, OPG's obligations under this Agreement are solely in its capacity as the FSM.]

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

[The FSM] shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation, and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Primary Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Primary Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination and the Province provided its written consent to such use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made and for which the Province had previously provided its written consent;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars and in respect of which a Derivative Agreement has been entered into to hedge related currency exposures shall be valued for this purpose on the basis of the hedged value expressed in Canadian dollars for so long as such Derivative Agreement is in good standing.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the "process certificate" referred to in Subsection 4.02(b) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to [the FSM]; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to [the FSM].

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 or Article VI of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a

result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with Article VI of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's

expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently with the consent of the Province if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars and in respect of which a Derivative Agreement has been entered into to hedge related currency exposures shall be valued for the purposes of this Section 4.01 on the basis of the hedged value expressed in Canadian dollars for so long as such Derivative Agreement is in good standing.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of [the FSM]

[The FSM] represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its

obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has been validly appointed, and has irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution, delivery and performance of this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
ELECTION[2] TO ASSUME APPROVED OBLIGATIONS

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to [the FSM] a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to [the FSM] (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to [the FSM], [the FSM] shall provide the following information and documentation to the Province:

[2] OPG's proposal to move Art VI to the Protection Agreement is not consistent with the original basis for the Process Agreement - to keep the details and plumbing out of the "external" document. If we move toward putting all of this into the Protection Agreement, it will raise additional drafting issues (e.g., we will have to have a parallel "Breach Event" concept in the Protection Agreement that will deal with these sorts of undertakings and allow for a suspension of the Limited Guarantee). OPG to advise if that approach is preferred.

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) the form of Assumption Agreement in respect of the assignment and assumption of all Obligations Secured attached as Exhibit E to the Change of Law Protection Agreement.[3]

6.03 Settlement of Terms

Within 30 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

[3] Torys to provide a draft of the proposed form of global Assumption Agreement for all Obligations Secured. The Province may be guided by OPG on this, but we note that it seems simplistic to think that the same assumption agreement will work for swaps, debt and service obligations.

6.04 Cooperation to Implement the Assignment and Assumption

[The FSM] shall cooperate with the Province and will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, [the FSM] shall cause the Financing Entity to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[4]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of [the FSM] under this Agreement, which continues for thirty (30) days after written notice by the Province to [the FSM] of such default or breach;

(b) any representation or warranty made by [the FSM] in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured

[4]The Trust Indenture will need to permit the obligations of the Financing Entity to the Indenture Trustee and the Noteholders to be assigned to and assumed by the Province in accordance with an assumption agreement, substantially in a form of agreement to be set out in an exhibit to the Trust Indenture. The Province agrees that the same form of the assumption agreement should also be an exhibit to the Change of Law Protection Agreement. The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

within thirty (30) days after written notice by the Province to [the FSM] of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to [the FSM], and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, [the FSM] and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC., [AS FINANCIAL SERVICES MANAGER TO THE FINANCING ENTITY]

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount [referenced as the Program Agreement Maximum in accordance with Article IV].

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.[, AS FINANCIAL SERVICES MANAGER[1]]

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

[1] OPG to consider if this agreement should form part of the overall covenant pattern (Program Agreement). We assume not. If OPG signs as FSM, consider the potential impact on the Trust, if the FSM is considered to be contracting on behalf of the Trust as principal. The intention was to keep these terms 'behind the scenes' and as between OPG and the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**")~~,~~[, as Financial Services Manager for the Financing Entity in accordance with the Act,] is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, ~~the FSM established~~ the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[1]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, ~~OPG~~the [FSM] provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to ~~OPG~~[the FSM] that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations ~~OPG~~[the FSM] has agreed to perform and assurances ~~OPG~~[the FSM] has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of ~~OPG~~[the FSM], and of the Province in accordance with the Act, have been done.

[1] ~~Note: This draft only addresses the first Financing Entity. If additional financing entities are established, revisions to this Agreement may be made at that time, in context. Any additional financing entities contemplated should be as contemplated in the Financing Plan.~~

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the ~~Financing Entity or the~~ Financing Entity ~~Trustee~~

For greater certainty, each reference to the Financing Entity ~~or to the Financing Entity Trustee~~ shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 ~~1.01~~ Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.11 ~~1.10~~ Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.12 ~~1.11~~ Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF ~~OPG~~[THE FSM]

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, ~~OPG~~[the FSM] shall deliver to the Province a copy of the initial Financing Plan. Thereafter, ~~OPG~~[the FSM] shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

~~(b) Unless the Financing Entity is subject to the PILs Regime, not less than 15 Business Days prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province an analysis and assessment of the tax position of the Financing Entity. In addition, OPG shall promptly deliver written notice to the Province of any change in the Financing Entity's eligibility status under the PILs Regime and an analysis and assessment of any material change in the tax position of the Financing Entity.~~

(b) ~~(c)~~ Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, ~~OPG~~[the FSM] shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional ~~of~~for replacement Transaction Document.

(c) ~~(d)~~ Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, ~~OPG~~[the FSM] shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) ~~(e)~~ Promptly upon request, ~~OPG~~[the FSM] shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

~~(f) OPG shall, as the FSM, cause the Financing Entity to deliver to the Province copies of the Financing Entity's annual tax returns (if any) and any related tax assessments not more than 10 Business Days after such a tax return or tax assessment is required to be filed under applicable law.[2]~~

~~[2] Note: The tax documents to be provided to the Province are under consideration.~~

2.02 Covenants

(a) ~~OPG shall, as the FSM,~~[The FSM] shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not~~, without the prior written consent of the Province~~:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;

(B) consent to the resignation of ~~(1) the Administrative Agent under the Administrative Services Agreement; or (2)~~ the Manager under the Management Agreement; or

~~(C) consolidate or merge with or into any other Person;~~

(C) ~~(D)~~ permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired~~;~~.

~~(E) permit any Lien (other than the Security Interest) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;~~

~~(F) sell, transfer, exchange or otherwise dispose of any of the Collateral, other than as expressly permitted by the Trust Indenture;~~

~~(G) release any security or guarantee in respect of the Collateral other than as expressly permitted by the Trust Indenture; or~~

~~(H) voluntarily dissolve or liquidate.~~

(b) ~~OPG~~[The FSM] shall:

(i) comply, and ~~as the FSM~~shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iii) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under ~~this~~the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected~~; and~~.

~~(iv) ensure that any disclosure (including any Disclosure Document, press release or other written communication intended for dissemination to third parties) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement will be subject to the prior review of the Province and such disclosure will not be made (and any such Disclosure Document shall not be used and any such press release or other written communication shall not be issued) without the prior written consent of the Province, in each case unless such disclosure is substantially the same as a disclosure previously made and for which the Province had previously provided its written consent under this Subsection 2.02(b)(iv).~~

(c) Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify the FSM, the latter shall prevail. [For clarity, OPG's obligations under this Agreement are solely in its capacity as the FSM.]

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

~~OPG~~[The FSM] shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation, and

(ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment ~~and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the Primary Obligation~~, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Primary Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Primary Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination and the Province provided its written consent to such use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made and for which the Province had previously provided its written consent;

(e) ~~(d)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) ~~(e)~~ confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments

under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars and in respect of which a Derivative Agreement has been entered into to hedge related currency exposures shall be valued for this purpose on the basis of the hedged value expressed in Canadian dollars for so long as such Derivative Agreement is in good standing.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the "process certificate" referred to in Subsection 4.02(~~d)(ii~~b) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to ~~OPG~~[the FSM]; ~~and~~or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(~~e~~b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to ~~OPG~~[the FSM].

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 or Article VI of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~;~~ or upon the assumption of obligations in accordance with Article VI of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation

themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

~~(b)~~ ~~with respect to the Reviewed Documentation referred to in clauses (v) to (ix) of the definition of "Transaction Documents", and, where applicable, clauses (x) and (xi) of the definition of "Transaction Documents" as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of the Primary Obligations arising thereunder and as to the timing, conditions and circumstances in which payment obligations under such Primary Obligations may arise, but without regard to the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and~~

(b) ~~(c)~~ with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

~~(a)~~ ~~The initial Protection Agreement Maximum shall be determined by the Province prior to the initial issuance of the first Funding Obligation. The initial Protection Agreement Maximum will be confirmed by the Province by notice in writing to OPG, as the FSM.~~

(a) ~~(b)~~ Not less than ■15 Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the ~~applicable~~ Financing Plan (the "**Initial Forecast**"). ~~In determining~~; and (ii) notice of the initial Protection Agreement Maximum, ~~the Province~~which may ~~have regard to (but not be bound by)~~not exceed the Initial Forecast.

(b) Not more than 10 Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is

inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently with the consent of the Province if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) ~~Upon receiving an updated Forecast, the Province shall determine whether or not the Protection Agreement Maximum will be revised. In determining whether the Protection Agreement Maximum will be revised, the Province may have regard to (but not be bound by) such updated Forecast. Any determination by the Province to revise the Protection Agreement Maximum will be confirmed by setting out a new Protection Agreement Maximum in a written notice from the Province to the FSM and the Indenture Trustee, the delivery of which will be conclusive evidence that such new Protection Agreement Maximum will apply until it may be further so revised.~~ Not more than 10 Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars and in respect of which a Derivative Agreement has been entered into to hedge related currency exposures shall be valued for the purposes of this Section 4.01 on the basis of the hedged value expressed in Canadian dollars for so long as such Derivative Agreement is in good standing.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of ~~OPG~~[the FSM]

~~OPG~~[The FSM] represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, ~~shall~~may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario~~, is duly qualified to carry on its business in each jurisdiction in which it carries on business,~~ and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto~~ and to own its property and carry on its business as currently conducted~~.

(c) OPG has been validly appointed, and has irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation~~ of OPG enforceable against OPG~~ in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting ~~OPG (including in its capacity as the FSM) or~~ the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of ~~OPG or~~ the Financing Entity or in the ability of ~~OPG or~~ the Financing Entity to perform ~~their respective~~its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result

in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution, delivery and performance of this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
ELECTION[2] TO ASSUME APPROVED OBLIGATIONS

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) ~~to~~ elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to ~~OPG~~[the FSM] a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to ~~OPG~~[the FSM] (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to ~~OPG, OPG~~[the FSM], [the FSM] shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any

[2] OPG's proposal to move Art VI to the Protection Agreement is not consistent with the original basis for the Process Agreement - to keep the details and plumbing out of the "external" document. If we move toward putting all of this into the Protection Agreement, it will raise additional drafting issues (e.g., we will have to have a parallel "Breach Event" concept in the Protection Agreement that will deal with these sorts of undertakings and allow for a suspension of the Limited Guarantee). OPG to advise if that approach is preferred.

documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) ~~a draft version of~~ the form of Assumption Agreement ~~prepared in relation to each Obligation Secured, prepared in accordance with and having regard to the requirements of the relevant agreement(s) under which the Obligation Secured arises.~~ in respect of the assignment and assumption of all Obligations Secured attached as Exhibit E to the Change of Law Protection Agreement.[3]

6.03 Settlement of Terms

Within ~~20~~30 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

6.04 Cooperation to Implement the Assignment and Assumption

~~OPG~~[The FSM] shall cooperate with the Province and~~, as FSM,~~ will use commercially reasonable efforts to cause the Financing Entity to cooperate, and ~~each~~ shall use its ~~best~~commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.~~3~~

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, ~~OPG will, and as~~[the FSM~~, will~~] shall cause the Financing Entity to~~,~~ ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity~~,~~ permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations arise under market standard

[3] Torys to provide a draft of the proposed form of global Assumption Agreement for all Obligations Secured. The Province may be guided by OPG on this, but we note that it seems simplistic to think that the same assumption agreement will work for swaps, debt and service obligations.

~~[3] Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.~~

mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[4]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of ~~OPG~~[the FSM] under this Agreement ~~(including in respect of its role as FSM under any Program Agreement)~~, which continues for thirty (30) days after written notice by the Province to [the FSM] of such default or breach;

(b) any representation or warranty made by ~~OPG~~[the FSM] in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section ~~4.03~~4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to [the FSM] of such misrepresentation; or

(c) OPG is no longer the ~~FSM, the Administrative Agent or the~~ Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as ~~the FSM, the Administrative Agent or~~ the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to ~~OPG~~[the FSM], and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, [the FSM] and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

[4] ~~Note:~~ The Trust Indenture will need to ~~include a clause providing that~~permit the obligations of the Financing Entity to the Indenture Trustee and the Noteholders ~~may~~to be assigned to and assumed by the Province in accordance with an assumption agreement, substantially in ~~the~~a form of agreement to be set out in an exhibit to the Trust Indenture. The Province agrees that the same form of the assumption agreement should also be an exhibit to the Change of Law Protection Agreement. The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to ~~OPG~~the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

~~**8.06 Confidentiality**~~[5]

8.06 ~~**8.07**~~ **Delivery of Executed Copies**

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

[5] ~~To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province.~~

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC., [AS FINANCIAL SERVICES MANAGER TO THE FINANCING ENTITY]

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

~~[FINANCING ENTITY TRUSTEE], IN ITS CAPACITY AS FINANCING ENTITY~~COMPUTERSHARE TRUST COMPANY OF CANADA, AS **TRUSTEE** ~~FOR [FINANCING ENTITY]~~OF FAIR HYDRO TRUST

By: _____
Name:
Title:

~~[INDENTURE TRUSTEE]~~BNY TRUST COMPANY OF CANADA, **AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY**

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~["**Administrative Agent**" has the meaning ascribed thereto in the Change of Law Protection Agreement.]~~

~~["**Administrative Services Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.][6]~~

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity~~, the FSM~~ and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction,

[6] ~~Note: To be confirmed if required.~~

collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means [■]Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(~~b~~a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(~~b~~a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

~~"**Lien**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~[~~"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~]~~

~~[~~

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~]~~[7]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO~~, and acknowledged and accepted by the Indenture Trustee~~.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

~~"**PILs Regime**" means the Payment in Lieu of Taxes regime contemplated under the *Electricity Act* (Ontario).~~

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

~~[7]Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.~~

"**Protection Agreement Maximum**" means the dollar amount ~~determined by the Province and of which OPG is provided written notice~~[referenced as the Program Agreement Maximum in accordance with Article IV].

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed ~~thereto~~to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement~~, the Administrative Services Agreement~~ and the Management Agreement; (iii) the Master Transfer and Servicing Agreement ~~between the Financing Entity and the IESO~~; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the

Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

~~**(form of Assumption Agreement to be attached, once settled)**~~

Document comparison by Workshare Compare on Tuesday, November 14, 2017 8:21:33 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/7
Description	TOR_2528-#23239361-v7-CLPA_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/10
Description	TOR_2528-#23239361-v10-CLPA_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	143
Deletions	146
Moved from	8
Moved to	8
Style change	0
Format changed	0
Total changes	305

Draft: November 14, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust under the laws of the Province of Ontario (the "**Financing Entity**")[1], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

---

[1] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2] Torys to confirm that Trust is a "financing entity" under OFHPA. Under definition, FSM to establish or cause to be established. DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

The FSM and the Province will concurrently enter into the Process Agreement, under which the FSM will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may

from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture. No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such

yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the amount of the Approved Obligations that would have been payable from Available Collections had the Protection Event not occurred[3] from time to time by the Financing Entity to the Indenture Trustee as and when they become due and payable, without Acceleration. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation, without Acceleration, in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts that would have been payable from Available Collections had the Protection Event not occurred by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation, in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation, in each case by the Province depositing or causing the deposit of the applicable payment amount into the Protection Account[4] on or before the day on which the applicable Approved Obligation becomes due and payable in accordance with its terms (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

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[3] The amount "owing" under an obligation (i.e., balloon) will different from the amount available to be paid in respect of such owed amount (based on Available Collections). The Province is not obligated to pay more than the obligations that would have been paid from CEAs had they been collected.

[4] Province needs to see how the Trust Indenture will be modified to address addition of Protection Account (i.e., payment mechanics; Protection Account to be part of the Collateral; mechanics of how funds move to Collection Account; absence of equitable claims; etc.). Province will need to know that all amounts will be applied for their intended purposes without undermining Province's step-in and subrogation rights.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[5] in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Protection Account in respect of an Approved Obligation to pay the corresponding amount

[5] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

due and payable to the applicable Beneficiaries under the Approved Obligation. Upon a payment having been made by or on behalf of the Province into the Protection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable to such Beneficiaries in respect of the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[6]. For greater certainty, the obligations arising in respect of the Approved Obligation shall not be reduced by such payment as the Province shall become entitled to the rights contemplated under Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

[6] A corresponding provision needs to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, so that the Beneficiaries are bound by these applications and the agreement of the Indenture Trustee under this Agreement.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine,

provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG and, for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, prior to the earlier of (i) one Business Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), confirming that the FSM has delivered to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement; and

(c) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement. [7]

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

[7] Province wants this mechanic embedded in the adherence conditions so it is explicitly understood and mechanically contemplated as the way the Province be sure future Limited Guarantees are cut-off opposite the indenture trustee.

(a) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[8]

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution, delivery and performance of this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

[8] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[9]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: Need to move Article VI of the Change of Law Process Agreement into this Article VI and amend accordingly.[10] Also, we will need to attach the form of Assumption Agreement as an Exhibit to this Agreement that will be used for the assignment and assumption of all Obligations Secured. Contrary to the statement in Section 6.02(f) of the Change of Law Protection Agreement, there will not be a separate form of Assumption Agreement for each Obligation Secured. [11]]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

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[9] Further details regarding obtaining of third party consents and rating agency approvals to be provided by OPG.

[10] The idea was to not burden the external agreement with the necessary steps for the Province to be in a position to step-in. If the preference is to include more in this external agreement, the Province will not object subject to further consideration of drafting issues.

[11] It has been assumed that there may be variations depending on the nature of the underlying obligations. A root form of Assumption Agreement, modified to conform substantially to that form in connection with a particular obligation, was the idea. To be further discussed.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution,

delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity:

(a) upon the Province becoming aware of the occurrence of a Program Breach; and

(b) following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred on or after the time such Suspension Notice is delivered.

8.03 Termination Notice

On (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").[12]

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations

[12] The suspension right in favour of the Province is intended to allow the Province to cut-off future obligations under this Agreement, but not affect rights that have arisen prior to the suspension notice. The termination notice is a further step that allows the Province to bring this agreement to an end, but that only happens (under section 9.01) after all amounts capable of becoming due under the Limited Guarantee have been paid (i.e., the last obligation incurred prior to the suspension notice has been satisfied), including as a result of an assumption under Art VI.

in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries are not parties to this Agreement and accordingly any benefits derived hereunder shall arise exclusively through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:

By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of the FSM under the Process Agreement; or (b) any representation or warranty made by the FSM, any certification made by the FSM under the Process Agreement, or any certification made by the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM or the Manager.][has the meaning ascribed thereto in the Process Agreement.][13]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

[13] Consider this longer version to avoid hard-coding Process Agreement into this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as may be amended prior to the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; (ii) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (iii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; (iv) any amount payable under a Derivative Agreement in respect of a "termination payment" where the Financing Entity's counterparty under the Derivative Agreement is a "defaulting party" or the sole "affected party" (as such terms are given meaning under the Derivative Agreement); and (v) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM].

["**Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction (i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, and (ii) issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~[1], BY ITS MANAGER, ONTARIO POWER GENERATION INC.~~

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

~~[1] "Trustee" is the "legal entity". Trustee itself should sign all primary documents to make "manager" delegation meaningful and to avoid invalidating the Trust as a "trust".~~

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), ~~Ontario Power Generation Inc., as the Manager and~~Computershare Trust Company of Canada, in its capacity as ~~Manager~~trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust ~~settled by the FSM~~ under the laws of the Province of Ontario (the "**Financing Entity**")[1], Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity~~"), Ontario Power Generation Inc.~~ and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee ~~and in its capacity as trustee for the Beneficiaries in accordance with the Trust Indenture~~, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The ~~FSM, as agent of the~~ Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the

[1] Province needs the Trust as a party to be assured of its rights of subrogation, step-in, etc.

[2] ~~See OFHPA, definition of~~Torys to confirm that Trust is a "financing entity"~~.~~ under OFHPA. Under definition, FSM to establish or cause to be established. ~~Needed for~~DofT indicates Computershare declares trust. Need to have this confirmed for purposes of authority under OFHPA 5(3), among other things.

time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

The FSM[3] and the Province will concurrently enter into the Process Agreement, under which the FSM will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM[4] and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution

[3] ~~Need to confirm parties to the Process Agreement. OPG, acting as FSM, implies potential limitation on OPG's liability.~~

[4] ~~Deletion of the Trust as a party is unacceptable since would impact Province's rights against Trust's assets (e.g., as a subrogee).~~

therefor~~, [except in each case as referenced in the definition of Protection Event]~~[5];

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.[6]

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the

[5] ~~Covered in preamble, so delete.~~

[6] ~~Enforcement of the Limited Guarantee under this Agreement must be limited to enforcement by the Indenture Trustee on behalf of the Beneficiaries. The Trust Indenture should deal with the manner and limitations on the Indenture Trustee's actions with respect to enforcement.~~

statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture. No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.~~7~~

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province ~~upon~~to the extent of the performance by the Province of the Primary Obligation. ~~[To the extent of any conflict between this Agreement and the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail.]~~[8]

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof.

~~7 There is no intention to provide a separate cause of action for individual Beneficiaries.~~

~~8 Explanation required. Indemnity is a separate cause of action and should not limit the Province's primary entitlements under this Agreement, opposite the Trust and the Indenture Trustee. If an override in favour of OPG is contemplated, that should be clearly set out and understood. This provision confuses concepts. In any event, the Trust is not a party to or a protected person under the indemnity.~~

To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall

begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, ~~the FSM as agent for~~ the Financing Entity Trustee ~~(in its capacity~~ as trustee of the Financing Entity~~). [NTD: Discuss whether the Financing Entity Trustee should~~

~~be a party to this Agreement and references to the Financing Entity Trustee re-inserted into this section and others.]~~[9].

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the amount of the Approved Obligations ~~[~~that would have been payable from Available

[9] ~~Otherwise validity of Trust obligations becomes questionable and opinion qualifications would become likely. Revert to Blakes language.~~

Collections had the Protection Event not occurred~~]~~[10]~~[owing]~~[11]3 from time to time by the Financing Entity to the Indenture Trustee as and when they become due and payable~~[~~, without Acceleration~~]~~[12]. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation~~[~~, without Acceleration,~~]~~[13] in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts ~~[~~that would have been payable from Available Collections had the Protection Event not occurred~~] [owing]~~ by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[14], in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation, in each case by the Province depositing or causing the deposit of the applicable payment amount into the ~~[~~Protection Account~~]~~[15]4 ~~[5 Business Days prior to the fifteen day of each calendar month]~~[16] on or before the day on which the applicable Approved Obligation becomes due and payable in accordance with its terms (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation~~, including (i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event,~~

~~10 The amount "owing" under an obligation (i.e., balloon) will different from the amount available to be paid in respect of such owed amount (based on Available Collections). The Province is not obligated to pay more than the obligations that would have been paid from CEAs had they been collected. This language is an alternative to the simple drafting approach contemplated in the term sheet ("without acceleration"), and is more complex. It would also make the new "additional amount" (i.e., extra amounts up to the FAA) part of the Province's obligations, which has not been contemplated by the OFA to date and will need to be considered separately.~~

~~11 This would mean that the entire amount of the Notes would become payable, as a balloon. That is not the deal.~~

3 The amount "owing" under an obligation (i.e., balloon) will different from the amount available to be paid in respect of such owed amount (based on Available Collections). The Province is not obligated to pay more than the obligations that would have been paid from CEAs had they been collected.

~~12 This is a simpler and preferred formulation for the relevant concept. Also, consider mechanics for notifying the Province regarding the specific amounts payable and their due dates. Consider attaching a detailed schedule of payments under the Payment Demand and the respective due date of each payment.~~

~~13 If alternative approach is preferred (as described above), this will also need to be modified.~~

~~14 Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations", which in turn relies on the definition of Primary Obligations. The connection between a Primary Obligations and an "investment interest" is therefore crucial. Blakes is considering how to more precisely connect these concepts.~~

~~15 Addition of Protection Account step will require further consideration.~~ 4 Province needs to see how the Trust Indenture will be modified to address ~~this mechanically (i.e.,~~addition of Protection Account (i.e., payment mechanics; Protection Account to be part of the Collateral; mechanics of how funds move to Collection Account; absence of equitable claims; etc.). Province will need to know that all amounts will be applied for their intended purposes without undermining Province's step-in and subrogation rights~~)~~.

~~16 Delete. Province will pay on the date amounts would have otherwise been paid; not in advance.~~

~~and (ii) amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account or a Supplemental Reserve Account~~.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

~~The~~Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account~~175~~[5] in Satisfaction

(a) ~~[~~On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is

~~175~~[5] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture as ifon the basis that it wereis an Issuer Account.]

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Protection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation. Upon a payment having been made by or on behalf of the Province into the Protection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable to such Beneficiaries in respect of the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[186]. For greater certainty, the obligations arising in respect of the Approved Obligation shall not be reduced by such payment as the Province shall become entitled to the rights contemplated under Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

[18] Consider how Beneficiary rights under Obligations Secured will be amended under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a[6] A corresponding provision should appear inneeds to be added to the Trust Indenture and each other contract under which the Obligation Secured arises, to the effectso that the Beneficiaries will be deemed to beare bound by these applications and the agreement of the Indenture Trustee under this Agreement. Please see our addition in Section 9.08. The Specified Creditors already make the necessary acknowledgement in Article 5 of the Trust Indenture. Isn't this also addressed in section 1.03 above?

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine,

provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

~~(b) at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments[19] under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of~~

~~[19] Use of the concept of "repayments" under the OFHPA for this purpose is under consideration.~~

Repayments under Approved Obligations, do not exceed the Protection Agreement Maximum;[20]

(c) the FSM delivers a notice to the Indenture Trustee, with a copy to the Province, one Business Day prior to the incurrence or any amendment of the Primary Obligation, setting out the Protection Agreement Maximum;

(b) (d) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG [and, for clarity, such certificate is to be provided in OPG'sby such officers in their capacity as officers of OPG acting in its capacity as FSM]][21]) and addressed to the Indenture Trustee and the Province[22], one Business Day, prior to the earlier of (i) one Business Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to the Primary Obligation:

i. confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation (if any), together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not and will not exceed the Protection Agreement Maximum[23]; and

ii. confirmation that [the FSM has delivered to the Province a certificate in accordance with the Process Agreement confirming, among other things, that the transaction documents in respect of the Primary Obligation are in substantially the form of the documentation reviewed by the Province]][confirming that the FSM

[20] Province needs this to be part of the adherence process opposite the indenture trustee. Since the PAM will be objectively determined and within the knowledge of the indenture trustee (as contemplated in para (c)), this should not raise practical constraints. This is analogous to current procedures undertaken in connection with the incurrence of provincial obligations, where the conditions to issuance involve specific affirmation that the issuance is within the prescribed borrowing limit.

[21] OPG's capacity in certifying is under consideration, having regard to the inherent limitations associated with actions undertaken as FSM.

[22] Certificate is intended as Province's closing due diligence and so needs to be addressed and delivered to Province. Otherwise Province will need to become directly involved in the closing process. Province is prepared to rely on OPG for this purpose to accommodate OPG's logistical concerns, but that does not mean that Province can be removed from the closing process altogether, without the benefit of these required affirmations.

[23] Province wants OPG to specifically confirm this at the time of closing, to support the Province's reliance on OPG for this critical purpose.

has delivered to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement][24]; and ; and

(c) (e) the Province has not provided a Suspension Notice to the Indenture Trustee[25], the FSM and the Financing Entity in accordance with the terms of this Agreement.[7]

(f)

(g) , confirming that the FSM has delivered to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement; and

(h) **[NTD: This is more properly dealt with in Section 8.02 of this Agreement.]**.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation:

i. to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or

ii. as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, **[NTD: This requires further discussion depending on the terms of the assignment and assumption agreement. If the Obligations Secured are assigned and assumed by the Province under Article VI, how**

[24] The intention was not to incorporate specific terms of the Process Agreement into the Protection Agreement, to avoid the need for investors, relying on the Protection Agreement, to be concerned about its contents. If there is a preference to hard-code the Process Agreement in the Protection Agreement, the Province will not object but further drafting considerations will arise.

[25] Province wants this mechanic embedded in the adherence conditions so it is explicitly understood and mechanically contemplated as the way the Province can cut-off future Limited Guarantees opposite the indenture trustee.

[7] Province wants this mechanic embedded in the adherence conditions so it is explicitly understood and mechanically contemplated as the way the Province be sure future Limited Guarantees are cut-off opposite the indenture trustee.

~~would the Province be subrogated and entitled to the Beneficiary's rights and interests under the Approved Obligation? Consider limiting the application of this section 5.01 to the Limited Guarantee.]~~ [26]

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(a) ~~(b)~~ The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

[26] ~~The idea is that if the Province steps in and becomes the obligor, it will get all of the underlying interests in the Trust's property (i.e., "interests … in respect of the Approved Obligation" = collateral). If this seems confusing, a parallel provision can be added to Art VI to address the step-in scenario specifically. Discussion of any concerns will be useful.~~

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

~~5.03 Voting Rights under "Outstanding Notes"~~

~~**[Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[27]:**~~

~~(a) **Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and**~~

~~(b) **in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.] [NTD: To be discussed. Explanation required regarding why not restricting these voting rights to the Province may affect the marketability of the debt under this program.]**~~

5.03 ~~5.04~~ Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[28]~~8~~ ~~**[NTD: Discussion required as to how these repayments will be dealt with under the MTI, and in particular, under the waterfall provisions.]**~~

[27] ~~This concept needs to be reflected in the Trust Indenture. This requires further discussion (see NTD above).~~

[28] ~~General Regulation to be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE~~[8] Payments to be addressed in the Trust Indenture like servicer advances under the waterfall provisions.

5.04 ~~5.05~~ Representations and Warranties

The Province hereby represents and warrants[29] that:

(a) the ~~Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;~~execution, delivery and performance of this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution, delivery and performance ~~by the Province~~ of this Agreement ~~and the completion of the transactions contemplated hereby do not and will~~by the Province do not result in ~~a~~the violation of any applicable law;

~~(c) all necessary action has been taken by the Province including under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations hereunder;~~ and

(c) ~~(d)~~ this Agreement has been duly ~~authorized,~~ executed and delivered ~~on behalf of~~by the Province ~~and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms~~.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[309]

[29] ~~Province input required.~~

[309] Further details regarding obtaining of third party consents and rating agency approvals to be ~~considered~~provided by OPG.

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. For greater certainty, the obligations of the Province so assumed will not be secured obligations of the Province and the obligees thereof will have no right, interest or claim to or in respect of the Collateral or any proceeds therefrom. **[NTD: Need to move Article VI of the Change of Law Process Agreement into this Article VI and amend accordingly.~~31~~10 Also, we will need to attach the form of Assumption Agreement as an Exhibit to this Agreement that will be used for the assignment and assumption of all Obligations Secured. Contrary to the statement in Section 6.02(f) of the Change of Law Protection Agreement, there will not be a separate form of Assumption Agreement for each Obligation Secured.~~32~~11]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

6.05 Rights in respect of the Assets Comprising the Collateral

Upon assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the Financing Entity's rights and interests under and in respect of the assets, property and undertaking comprising the Collateral and all proceeds therefrom, free and clear of any liens, encumbrances or restrictions arising under or as a result of the Trust Indenture. The Province shall have and be entitled to enforce all such rights and interests as an absolute assignee of the Financing Entity, with effect from and after the time of such assumption, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing to the Financing Entity and unaffected by any other rights, interests or equities that arise thereafter in respect of the assets, property and undertaking comprising the Collateral as between the Beneficiaries and the Financing Entity. The Indenture Trustee shall thereupon recognize the Province as the absolute owner of the assets, property and undertaking comprising the Collateral.

~~31~~10 The idea was to not burden the external agreement with the necessary steps for the Province to be in a position to step-in. If the preference is to include more in this external agreement, the Province will not object subject to further consideration of drafting issues.

~~32~~11 It has been assumed that there may be variations depending on the nature of the underlying obligations. A root form of Assumption Agreement, modified to conform substantially to that form in connection with a particular obligation, was the idea. To be further discussed.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

7.04 Release of all Collateral[33]

(a) The Indenture Trustee shall not execute instruments to release Collateral from the Security Interest of the Trust Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, unless and until the rights and interests of the Province under Section 5.01 or otherwise as an assignee of any of the Obligations Secured or as a subrogee have been satisfied in full and the Province has no continuing obligations under this Agreement.

(b) The Province shall be entitled to receive at least 10 Business Days' written notice when the Indenture Trustee proposes to take any action pursuant to Subsection 7.04(a), accompanied by copies of any instruments involved.

7.05 Right to Notice and Attend Meetings[34]

The Financing Entity shall ensure that the Province receives advance notice of any meeting or proposed written resolution of Specified Creditors (or any of them) and the Province and its legal advisers shall be permitted to attend and be represented at any meeting of such Specified Creditors.

[Note: Any right to such matters will be the general rights of Specified Creditors[35] as set out in the Trust Indenture.]

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension NoticeSuspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**") may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity:

(a) shall be provided by the FSM to the Province and the Indenture Trustee promptly following the occurrence of a Program Breach; upon the Province becoming aware of the occurrence of a Program Breach; and

(b) may be provided by the Province to the Indenture Trustee upon the Province becoming aware of the occurrence of a Program Breach; and

[33] Before the Province is called to perform its obligations under this Agreement (only then becoming a Specified Creditor based on the current drafting), the Province needs to know that the Collateral available to it as a subrogee/assignee will be protected. Province may have different interests than Specified Creditors, who may make concessions based on the protections under this Agreement being available to them in lieu of the Collateral.

[34] Again, before the Province is called to perform its obligations under this Agreement (only then becoming a Specified Creditor based on the current drafting), the Province needs information that could affect its future rights as a subrogee/assignee. This is not a voting right; rather just a right to know what is going on. Why a problem?

[35] As explained above, Province needs rights prior to a Protection Event.

(b) ~~(c) may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity~~ following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of any Obligation Secured incurred on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred on or after the time such Suspension Notice is delivered.

8.03 Termination Notice

On ~~the earlier to occur of~~ (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").~~36~~12

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

~~36~~12 The suspension right in favour of the Province is intended to allow the Province to cut-off future obligations under this Agreement, but not affect rights that have arisen prior to the suspension notice. The termination notice is a further step that allows the Province to bring this agreement to an end, but that only happens (under section 9.01) after all amounts capable of becoming due under the Limited Guarantee have been paid (i.e., the last obligation incurred prior to the suspension notice has been satisfied), including as a result of an assumption under Art VI.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries are not parties to this Agreement and accordingly any benefits derived hereunder shall arise exclusively through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture. ~~**[NTD: Consider merging this section 9.08 with section 1.03.]**~~

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:

By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~, BY ITS MANAGER, ONTARIO POWER GENERATION INC.~~

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[37] in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of ~~[OPG]~~the FSM under the Process Agreement; or (b) any representation or warranty made by ~~[OPG]~~the FSM, any certification made by ~~[OPG]~~the FSM under the Process Agreement, or any certification made by ~~[OPG]~~the FSM in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM~~, the Administrative Agent~~ or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM~~, the Administrative Agent~~ or the Manager.][has the meaning ascribed thereto in the Process Agreement.][38]13

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

[37] ~~Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.~~

[38]13 Consider this longer version to avoid hard-coding Process Agreement into this Agreement.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

~~[**"Collection Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.]~~[39]

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

~~[~~"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~]~~

~~[~~"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~]~~

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

~~[39] Confirm, vs use of a Protection Agreement.~~

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as may be amended prior to the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; (ii) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (iii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; (iv) any amount payable under a Derivative Agreement in respect of a "termination payment" where the Financing Entity's counterparty under the Derivative Agreement is a "defaulting party" or the sole "affected party" (as such terms are given meaning under the Derivative Agreement); and (v) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM].

["**Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement. ~~**[NTD: To be discussed.]**~~

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

~~"**Protection Agreement Maximum"** means the dollar amount determined by the Province and of which OPG is provided notice in accordance with the Process Agreement.~~

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the [Crown], an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, ~~**[NTD: Further discussion required as to whether the Province controls the OEB for purposes of a Protection Event.]**~~

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction (i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, and (ii) issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on Wednesday, November 15, 2017 8:47:30 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/11
Description	TOR_2528-#23239360-v11-CLPA_-_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/12
Description	TOR_2528-#23239360-v12-CLPA_-_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	94
Deletions	207
Moved from	8
Moved to	8
Style change	0
Format changed	0
Total changes	317

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.[, AS FINANCIAL SERVICES MANAGER~~]~~[1]]

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

[1] ~~Province~~OPG to consider ~~whether liability of OPG should be primary, or subject to the inherent limitations (e.g., duty/standard of care) implied by its role as FSM. Primary responsibility for the 'behind the scenes obligations' contemplated in this Process Agreement would be more meaningful to the extent that potential corporate liability promotes compliance~~ if this agreement should form part of the overall covenant pattern (Program Agreement). We assume not. If OPG signs as FSM, consider the potential impact on the Trust, if the FSM is considered to be contracting on behalf of the Trust as principal. The intention was to keep these terms 'behind the scenes' and as between OPG and the Province.

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**")[, as Financial Services Manager for the Financing Entity in accordance with the Act,] is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, ~~[~~the [FSM] provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to [the FSM] that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations [the FSM] has agreed to perform and assurances [the FSM] has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of [the FSM], and of the Province in accordance with the Act, have been done.

~~[2] Note: This draft only addresses the first Financing Entity. If additional financing entities are established, revisions to this Agreement may be made at that time, in context. Any additional financing entities contemplated should be as contemplated in the Financing Plan.~~

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor~~, [except in each case as referenced in the definition of Protection Event]~~;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the ~~[FSM, as agent of the]~~[3] Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

[3] ~~Validity considerations if FSM effects primary agreements that in turn define the scope of its authority.~~

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 ~~1.01~~ Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.11 ~~1.10~~ Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.12 ~~1.11~~ Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF [THE FSM]

2.01 Deliveries to the Province[4]

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, [the FSM] shall deliver to the Province a copy of the initial Financing Plan. Thereafter, [the FSM] shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, [the FSM] shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, [the FSM] shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) Promptly upon request, [the FSM] shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) [The FSM] shall ~~[~~use commercially reasonable efforts to~~]~~[5] cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

[4] ~~Province to consider OPG's proposed deletion of fallback (non-PILs) access to tax information for the Trust.~~
[5] ~~Province to consider lower standard for compliance proposed by OPG, particularly (ii) to (v).~~

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;

(B) consent to the resignation of the Manager under the Management Agreement; or

~~(C) consolidate or merge with or into any other Person;~~

(C) ~~(D)~~ permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired~~;~~.

~~(E) permit any Lien (other than the Security Interest) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;~~

~~(F) sell, transfer, exchange or otherwise dispose of any of the Collateral, other than as expressly permitted by the Trust Indenture;~~

~~(G) release any security or guarantee in respect of the Collateral other than as expressly permitted by the Trust Indenture; or~~

~~(H) voluntarily dissolve or liquidate.~~

(b) [The ~~[~~FSM] shall ~~use commercially reasonable efforts to]~~[6]:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iii) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension

[6] ~~Province to consider lower standard for compliance proposed by OPG.~~

right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected~~; and~~.

~~(iv) ensure that any disclosure (including any Disclosure Document, press release or other written communication intended for dissemination to third parties) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement will be subject to the prior review of the Province and such disclosure will not be made (and any such Disclosure Document shall not be used and any such press release or other written communication shall not be issued) without the prior written consent of the Province, in each case unless such disclosure is substantially the same as a disclosure previously made and for which the Province had previously provided its written consent under this Subsection 2.02(b)(iv).~~

(c) ~~[~~Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify the FSM~~ or the Financing Entity~~, the latter shall prevail. [For clarity, OPG's obligations under this Agreement are solely in its capacity as the FSM.]~~7~~

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

[The FSM] shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of ~~the FSM~~OPG (or their respective designees, provided that such designees are also executive officers of ~~the FSM~~OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation, and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

~~7 Province to consider interaction of this Agreement with the OPG indemnity. To the extent that OPG is indemnified, the impact of OPG non-compliance is significantly reduced to the extent that liability considerations are relevant to OPG.~~

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Primary Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Primary Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination and the Province provided its written consent to such use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made and for which the Province had previously provided its written consent;

(e) ~~(d)~~ a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) ~~(e)~~ confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; ~~[~~for clarity, Repayments ~~shall not include any payments or outstanding amounts due or becoming dues in the future in respect of any Primary Obligations arising under or in connection with a Derivative Agreement].~~[8] under Obligations Secured owing in currencies other than Canadian dollars and in respect of which a Derivative Agreement has been entered into to hedge related currency exposures shall be valued for this purpose on the basis of the hedged value expressed in Canadian dollars for so long as such Derivative Agreement is in good standing.

[8] ~~This requires further consideration. This could cut both ways to the extent non-CAD deals are done and the FX is hedged.~~

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the "process certificate" referred to in Subsection 4.02(~~d~~b) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to [the FSM]; ~~and~~or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to [the FSM].

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation ~~[that would be adverse to the Issuer]~~[9], including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 or Article VI of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with Article VI of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

~~(b) with respect to the Reviewed Documentation referred to in clauses (v) to (ix) of the definition of "Transaction Documents", and, where applicable, clauses (x) and~~

~~[9] Province to consider if OPG should be empowered to make this qualitative judgment on behalf of the Province.~~

(xi) of the definition of "Transaction Documents" as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of the Primary Obligations arising thereunder and as to the timing, conditions and circumstances in which payment obligations under such Primary Obligations may arise, but without regard to the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) (c) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[10]

(a) [Not less than [■]15 Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which shall be based onmay not exceed the Initial Forecast.

(b) Not more than [■]10 Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province shall confirm its agreement with the initial Protection Agreement Maximum or if the Province does not agree with the determination of the initial Protection Agreement Maximum, which disagreement

[10] Province to consider OPG's proposal for Program Agreement Maximum. In effect, the discretion of the Province is removed and the limiter is tied directly to OPG's forecast (to be consistent with the financing plan required by the Act). This means that the Province has no independent escape hatch to limit its potential fiscal exposure under the Protection Agreement. As discussed, the actual exposure will depend on the determinations to use the IESO sale mechanics to fund shortfalls – in other words, if IESO were to not sell investment interests, then the corresponding funding obligations subject to the Protection Agreement would not arise. Note that the financing plan is almost entirely within OPG's discretion and is based on long-term estimates that assume maximum use of the IESO sale mechanics. Has the Province confirmed that committing to this arrangement for the term (30 years) of the OFHPA, without a limiter that is within the Province's control, will not result in a huge contingent liability being booked in the Province's accounts (i.e., maximum fundings for 30 years)? Has the Province determined whether there are other internal governance reasons to require an escape hatch for the purposes of its fiscal management purposes? Note that Protection Events are not all within the Government's control (e.g., *ultra vires* and invalidity issues).

~~may only be on the basis that the Initial Forecast does not accord with the Financing Plan and not on any other basis, the Province and~~may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG ~~will~~shall discuss ~~and~~any discrepancies with the Province, address any inaccuracies ~~in the Financing Plan~~ and inconsistencies to the reasonable satisfaction of ~~both parties~~the Province, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.~~]~~

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently with the consent of the Province if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum ~~based on~~, which may not exceed such Forecast.

(d) Not more than ~~[■]~~10 Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province ~~shall confirm its agreement with the revised Protection Agreement Maximum or if the Province does not agree with the determination of the revised Protection Agreement Maximum, which disagreement may only be on the basis that the further Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will~~may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss ~~and~~any discrepancies with the Province, address any inaccuracies ~~in the Financing Plan~~ and inconsistencies to the reasonable satisfaction of ~~both parties~~the Province, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars and in respect of which a Derivative Agreement has been entered into to hedge related currency exposures shall be valued for the purposes

of this Section 4.01 on the basis of the hedged value expressed in Canadian dollars for so long as such Derivative Agreement is in good standing.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of [the FSM]

[The FSM] represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, ~~shall [use commercially reasonable efforts to]~~may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

~~[OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto and to own its property and carry on its business as currently conducted.~~

(c) OPG has been validly appointed, and has irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.~~]~~[11]

(d) ~~(c)~~ The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation ~~of [the Financing Entity enforceable against the Financing Entity]~~[12] in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

[11] ~~Province to consider carve back of OPG reps and liability issues with role as FSM only.~~
[12] ~~Focus was on OPG. They shifted it to the Trust.~~

(e) ~~(d)~~ There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

~~(e) [There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG (including in its capacity as the FSM) or the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or the Financing Entity or in the ability of OPG or the Financing Entity to perform their respective obligations under the Program Agreements.~~

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.~~]~~[13]

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) ~~[~~Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.~~]~~[14]

(i) ~~[~~No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in

[13] ~~Province to consider carve back of OPG reps and liability issues with role as FSM only.~~
[14] ~~Deleted by OPG. Province to consider.~~

connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.][15]

5.02 Representations and Warranties of the Province[16]

The Province hereby represents and warrants that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(a) (b) the execution, delivery and performance by the Province of this Agreement does not and will not result in a violation of any applicable law;by the Province have been authorized by all necessary action on the part of the Province;

(b) (c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution andthe execution, delivery and performance of this Agreement by the Province and the performance by the Province of its obligations hereunderdo not result in the violation of any applicable law; and

(c) (d) this Agreement has been duly authorized, executed and delivered on behalf ofby the Province and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms.

ARTICLE VI
ELECTION[17]2 TO ASSUME APPROVED OBLIGATIONS[18]

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and

[15] Deleted by OPG. Province to consider.

[16] Province to consider OPG's request for these representations. Does the Province make these sorts of representations in a commercial agreement? To the extent that the Province makes a statement (such as 5.02(d)) that is not caveated by the usual considerations applicable to a Crown obligation, the parallel rep requested in the Protection Agreement could be held out as a misstatement and itself provoke a "Protection Event" – suggesting that these sorts of "nice to have" reps from the Province will be more work (and potentially dangerous) than they are worth.

[17] Province to consider2 OPG's proposal to move Art VI to the Protection Agreement. The approach taken originally was motivated by the desire is not consistent with the original basis for the Process Agreement - to keep the details and plumbing out of the "external" document. If we move toward putting all of this into the Protection Agreement, it will raise additional drafting issues (e.g., we will have to have a parallel "Breach Event" concept in the Protection Agreement that will deal with these sorts of undertakings and allow for a suspension of the Limited Guarantee), but should otherwise be fine in principle. OPG to advise if that approach is preferred.

[18] Note to Province/Blakes: Article 6 to be moved and merged with Article 6 of the Change of Law Protection Agreement with appropriate revisions. It is more appropriate in that agreement. See also the comments in Article 6 of the Change of Law Protection Agreement.

deliver to [the FSM] a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to [the FSM] (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to [the FSM], [the FSM] shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) the form of Assumption Agreement in respect of the assignment and assumption of all Obligations Secured ~~is~~ attached as Exhibit E to the Change of Law Protection Agreement.[19]~~3~~

[19] ~~Note to Province: A~~[3] Torys to provide a draft of the proposed form of global Assumption Agreement for all Obligations Secured ~~is required. It is impractical to have an assumption agreement for each type of Obligation Secured. Province: We can~~. The Province may be guided by OPG on this, but we note that it seems simplistic to think that the same assumption agreement will work for swaps, debt and service obligations. ~~Ultimately, this is a mechanics point.~~

6.03 Settlement of Terms

Within ~~20~~30 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

6.04 Cooperation to Implement the Assignment and Assumption

[The FSM] shall cooperate with the Province and will ~~[~~use commercially reasonable efforts to~~]~~[20] cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.~~21~~

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, [the FSM~~ will use commercially reasonable efforts to~~] shall cause the Financing Entity to~~, [use commercially reasonably efforts to]~~ ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.~~22~~[4]

~~20 Province to consider scope of commitment.~~

~~21 Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.~~

~~22 Note:~~ [4]The Trust Indenture will need to ~~include a clause providing that~~permit the obligations of the Financing Entity to the Indenture Trustee and the Noteholders ~~may~~to be assigned to and assumed by the Province in accordance with an assumption agreement, substantially in ~~the~~a form of agreement to be set out in an exhibit to the Trust Indenture. ~~[NTD: The form of Assumption Agreement shall~~The Province agrees that the same form of the assumption agreement should also be an exhibit to the Change of Law Protection Agreement~~ (consistent with our comment to move Article 6 here to the Change of Law Protection Agreement). We~~, The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to ~~otherwise~~ address ~~your comment~~this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured ~~pursuant to Sections 5.01(f) and 5.03(b) of the MTI, and (ii) we will add language in section 11.01 of the MTI that allows~~on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.~~]~~

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of [the FSM] under this Agreement, ~~[~~which continues for ~~sixty~~thirty (~~60~~30) days after written notice by the Province to [the FSM] of such default or breach~~]~~[23];

(b) any representation or warranty made by [the FSM] in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section ~~4.03~~4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made ~~[~~and, if curable, is not cured within ~~sixty~~thirty (~~60~~30) days after written notice by the Province to [the FSM] of such misrepresentation~~]~~[24]; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager. ~~**[NTD: The FSM is a statutory role and OPG can only be removed as FSM by the Province.]**~~[25]

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to [the FSM], and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, [the FSM] and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic

~~[23] Province to consider proposed 60 day cure period. This is an extraordinary suggestion and if accepted would greatly weaken the Province's ability to address a problem in the unlikely event one comes up with OPG.~~
~~[24] Extraordinary suggestion by OPG – weakens Province.~~
~~[25] This should be considered. If true, it is unclear why that should make a difference – in terms of enabling the Province to cut off its forward obligations in the event of a fundamental problem or circumstance (change of control) that leads to a replacement of OPG as FSM.~~

communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

~~**8.06 Intentionally Deleted**[26]~~

8.06 ~~**8.07**~~ **Delivery of Executed Copies**

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

~~[26] To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province. **[NTD: The existence and details of this Agreement and the Change of Law Protection Agreement cannot be confidential. It will need to be disclosed to the Rating Agencies and to potential investors.]|[Province: That circle should still be protected through carve-outs from ordinary non-disclosure terms and conditions. Province to consider if confidentiality is a concern. It was included as a consideration in the term sheet.]**~~

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC., [~~SOLELY~~][27] AS FINANCIAL SERVICES MANAGER TO THE FINANCING ENTITY]

By: _____

Name:
Title:

By: _____

Name:
Title:

[27] ~~Unusual. OPG is trying to incorporate inherent limitations applicable to an agency relationship.~~

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST~~, BY ITS MANAGER, ONTARIO POWER GENERATION INC.~~

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

~~"**Lien**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.~~

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount [referenced as the Program Agreement Maximum in accordance with Article IV].

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

Document comparison by Workshare Compare on Wednesday, November 15, 2017 8:46:47 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/9
Description	TOR_2528-#23239361-v9-CLPA_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/10
Description	TOR_2528-#23239361-v10-CLPA_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	145
Deletions	167
Moved from	7
Moved to	7
Style change	0
Format changed	0
Total changes	326

From:	Anna Strathy
To:	Ken Kandeepan; Ronald Kwan
Cc:	Gavin He
Subject:	RE: DM and Minister Briefing | Change of Law Assumption Agreement (Fair Hydro Plan) Submission
Date:	Wednesday, September 20, 2017 4:15:48 PM
Attachments:	MOF Briefings_OFHP_Protection Agreement_v11.pptx TB20 Submission_Provincial Protection Agreement_V10_clean.docx TB20 Submission_Provincial Protection Agreement_V10_track_change.pdf OIC Provincial Protection Agreement.pdf S. 28 Protection Agreement.doc

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Hi Ken, Ron,

Just confirming that, in Gadi's absence, you'll take the Deputy and Minister through the TB submission tomorrow morning at 9am. The DMO has the full signing package, but I'm attaching the final products for your reference:

TB submission (clean)

TB submission (with the Deputy's changes tracked)

Slide deck

Draft OIC

Section 28

I will bring extra copies of the deck and submission with me tomorrow. Note, CQSD, MOF Legal and OPCD will also be in attendance.

Thanks, Anna

-----Original Appointment-----
From: Sousa, Charles (MOF) [mailto:Charles.Sousa@ontario.ca]
Sent: Monday, September 18, 2017 4:25 PM
To: Charles Sousa (MOF); @FIN-R-TOR.7QueensParkCres.Trillium.Boardroom (MOF); Ghiassi, Ali (MOF); Marianne Nguyen (MCYS); Scott Thompson (CAB); Sonia Parisi (MGS); David McLean (MOF); Jonathan Tekle (CAB); Helmut Zisser (MOF); Linda Gibney (MOF); Anthony Reiss (MGS); Gadi Mayman; Ronald Kwan; Ken Kandeepan; Veinot, Cindy (TBS); Scott Nelms (ENERGY); Malle Hanslep (MOF)
Cc: Visca, Marie (MOF); Tobias P. Whitfield (MOF); Michael Waterston (MOF); Mark Donaldson (MOF)
Subject: Copy: DM and Minister Briefing | Change of Law Assumption Agreement (Fair Hydro Plan) Submission
When: Thursday, September 21, 2017 9:00 AM-9:30 AM (UTC-05:00) Eastern Time (US &

Canada).
Where: Trillium Boardroom

Provincial Protection and Assurances Agreement

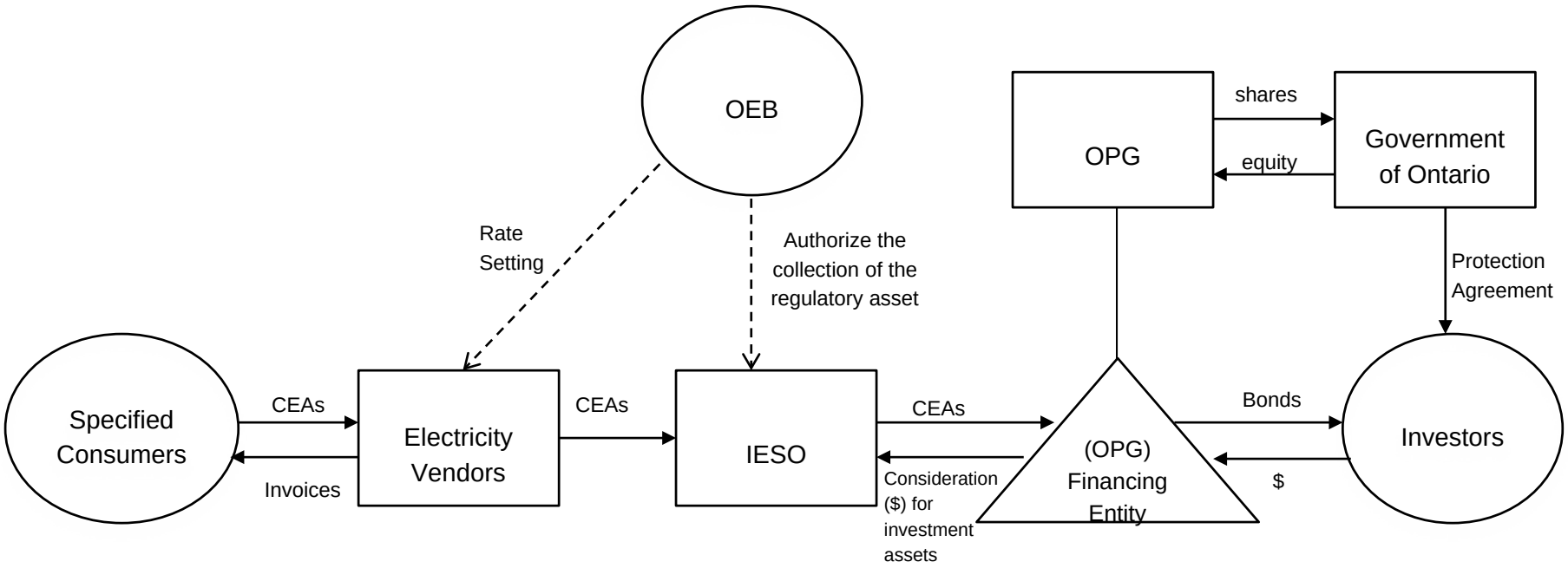
September 20, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Background

- The *Ontario Fair Hydro Plan Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset to recover the balance in the variance account
    - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
    - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
    - The Financing Entity will purchase the regulatory asset, effectively financing the shortfall in current rates not received from ratepayers
- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- OPG has requested that the Province provide a protection agreement that supports the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would take over the funding obligations of the Financing Entity

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provisions Under the Act

- As contemplated under the Act, OPG is requesting a Provincial commitment to support the planned Financing Entity's ability to borrow to finance the deferral of global adjustment amounts in certain limited circumstances
- Under s.5(3) of the OFHP Act,
  - *The LGIC may by order,*
    - *Authorize the Minister (of Energy) and the Minister of Finance, acting together on behalf of the Province,*
      - *To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and*
      - *To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity*
    - *Specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance*
    - *Specify a maximum liability for the guarantee or indemnity*

Provincial Protection Agreement

- OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:
  - Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the *Ontario Fair Hydro Plan Act, 2017*, or new legislation that adversely affect the Financing Entity
  - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
  - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.
- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
  - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access US market as investors in that market will likely require additional compensation if the assumption agreement is triggered

Considerations

- If a protection agreement is not provided, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from the IESO or the cost of the financing will be potentially materially greater than it otherwise would be
- If a protection agreement is provided, the Province takes on a contingent liability
  - The creation of a contingent liability will not currently affect net debt
  - The amount of the contingent liability will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
  - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Proposed Minute

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

a) Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   i. to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and

   ii. to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

PROVINCIAL PROTECTION AND ASSURANCES AGREEMENT

1. PROGRAM/BRANCH: Ontario Financing Authority

2. SUMMARY OF REQUEST:

Provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by one or more financing entities established by Ontario Power Generation Inc. pursuant to s. 22 of the *Ontario Fair Hydro Plan Act, 2017* ("OPG Financing Entities"), that, under certain circumstances as set out in the proposed arrangements the Province would pay when due amounts in respect of the obligations of the Financing Entity.

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) Approve that the Minister of Finance and Minister of Energy, on behalf of Ontario, provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend that Cabinet approve an Order in Council, to be made under subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

3. BACKGROUND:

On March 2, 2017, the government announced its proposed Ontario's Fair Hydro Plan (OFHP) to lower electricity bills by 25%, on average, for a typical residential consumer, and holding increases to the rate of inflation for four years. As part of OFHP, it was announced that a portion of the Global Adjustment (GA) would be refinanced in order to fairly allocate costs across present and future generations of electricity consumers with respect to investments made to decarbonize (i.e., phase-out coal) and modernize Ontario's electricity system (i.e., build and maintain a reliable electricity system). This would be achieved by spreading the cost of electricity investments so that they are shared proportionately by future consumers who cause a need for, or benefit from, the province's multi-billion dollar investments in electricity infrastructure.

To this end, immediate rate relief to eligible ratepayers is provided by deferring and spreading the cost recovery of electricity investments over a longer period of time. Under forecasts provided by the Ministry of Energy at the time of the OFHP announcement in March, the immediate reduction would be about $2.5 billion per year on average over the first ten years. The Ministry of Energy will report back to TB/MBC in fall 2017-18 with an update on out-year projections following analysis on rate applications before the Ontario Energy Board.

Under the *Ontario Fair Hydro Plan Act, 2017,* (the "OFHPA"), which enables GA Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected over four years. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset". The OFHPA provides for the IESO to sell all or a portion of the regulatory asset; i.e., the right to recover those deferred amounts from specified consumers in the future. Under the OFHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the OFHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly, the Province) from the capital markets; however, OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the OFHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations;
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or unenforceable; or
- Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations.

In the event the protection agreement is triggered, the Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers.

In addition, the Province would also have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged.

Section 28 of the *Financial Administration Act (FAA), 1990* requires that the Minister of Finance's approval is obtained before a ministry seeks an Order in Council (OIC) to enter into a guarantee or indemnity that would increase the contingent liabilities of Ontario. The Minister of Finance has given Section 28 approval for the Minister of Energy, together with the Minister of Finance to recommend the OIC to Cabinet and will, acting together with the Minister of Energy, determine the terms and conditions of and execute the proposed guarantee/indemnity in accordance with the OIC, if approved.

5. ADMINISTRATIVE IMPACTS:

To be managed by existing staff.

6. RISKS:

If the protection agreement is not approved, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from IESO or the cost of the financing will be potentially materially greater than it otherwise would be.

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of the OFHP and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest.

In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time. The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

While it is difficult to estimate the actual impact to the Province's interest on debt (IOD) expense, the worst case scenario would be the Province assuming the debt at its peak. If so, IOD expense may increase between $0.8B and $1.0B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.

It is important to note that, if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (IOD expense) will depend on whether or not some portions of the OFHPA continue in some form, or not. If the payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used. Also, debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

7. COMMUNICATION PLAN

Key Messages

- Ontario's Fair Hydro Plan has resulted in the biggest electricity rate reduction in the history of our province.

- We have heard from Ontarians across the province that the price of electricity has risen too quickly: that's why we moved forward with a plan to ensure the costs are shared more evenly over the years ahead.
- Our government is following through on its commitment to balance the books as announced in the 2017 Budget, while continuing to make investments in priority areas such as electricity price relief.
- This agreement is a key step in lowering electricity costs province-wide as part of the Fair Hydro Plan.

Strategic Approach

- Low-profile, reactive and targeted to industry stakeholders and government employees, as necessary. Reactive messaging contingent on legislative changes only with back-pocket QAs to support as needed.
- Communications support will continue to be led by the Ministry of Energy.

8. RECOMMENDATION

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017*, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends the Regulation made under the Act or any portion thereof; or

	(4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*); (5) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that [materially][1] and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][2] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that [materially][3] and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

[1] Under consideration to assess the marketability implications of materiality threshold.

[2] Under consideration to assess the marketability implications of this phrase.

[3] See footnote 1, above.

Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity.
Optional Assumption:	At any time following the occurrence of a Protection Event, the Obligor shall be entitled (but not obligated) to assume the Financing Entity's obligations in respect of Specified Claims as obligor and debtor. The Financing Entity (including through the Financial Services Manager) will ensure that Specified Claims permit such an assumption by the Obligor without any penalty or make-whole payment (or, in the case of any contract for the provision of on-going services to the Financing Entity, the satisfaction and termination of the Specified Claims without any acceleration of future fees, profits or other like amounts), or any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

PROVINCIAL PROTECTION AND ASSURANCES AGREEMENT

1. PROGRAM/BRANCH: Ontario Financing Authority

2. SUMMARY OF REQUEST:

Provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by one or more financing entities established by Ontario Power Generation Inc. pursuant to s. 22 of the *Ontario Fair Hydro Plan Act, 2017* ("OPG Financing Entities"), that, under certain circumstances as set out in the proposed arrangements the Province would pay when due amounts in respect of the obligations of the Financing Entity.

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) Approve that the Minister of Finance and Minister of Energy, on behalf of Ontario, provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend that Cabinet approve an Order in Council, to be made under subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

3. BACKGROUND:

On March 2, 2017, the government announced its proposed Ontario's Fair Hydro Plan (OFHP) to lower electricity bills by 25%, on average, for a typical residential consumer, and holding increases to the rate of inflation for four years. As part of OFHP, it was announced that a portion of the Global Adjustment (GA) would be refinanced in order to fairly allocate costs across present and future generations of electricity consumers with respect to investments made to decarbonize (i.e., phase-out coal) and modernize Ontario's electricity system (i.e., build and maintain a reliable electricity system). This would be achieved by spreading the cost of electricity investments so that they are shared proportionately by future consumers who cause a need for, or benefit from, the province's multi-billion dollar investments in electricity infrastructure.

To this end, immediate rate relief to eligible ratepayers is provided by deferring and spreading the cost recovery of electricity investments over a longer period of time. Under forecasts provided by the Ministry of Energy at the time of the OFHP announcement in March, the immediate reduction would be about $2.5 billion per year on average over the first ten years. The Ministry of Energy will report back to TB/MBC in fall 2017-18 with an update on out-year projections following analysis on rate applications before the Ontario Energy Board.

Under the *Ontario Fair Hydro Plan Act, 2017,* (the "OFHPA"), which enables GA Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected over four years. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset". The OFHPA provides for the IESO to sell all or a portion of the regulatory asset; i.e., the right to recover those deferred amounts from specified consumers in the future. Under the OFHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the OFHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly, the Province) from the capital markets; however, OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the OFHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations;
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or unenforceable; ~~and~~ or
- Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations.

In the event the protection agreement is triggered, the Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers.

In addition, the Province would also have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged.

Section 28 of the *Financial Administration Act (FAA), 1990* requires that the Minister of Finance's approval is obtained before a ministry seeks an Order in Council (OIC) to enter into a guarantee or indemnity that would increase the contingent liabilities of Ontario. The Minister of Finance has given Section 28 approval for the Minister of Energy, together with the Minister of Finance to recommend the OIC to Cabinet and will, acting together with the Minister of Energy, determine the terms and conditions of and execute the proposed guarantee/indemnity in accordance with the OIC, if approved.

5. ADMINISTRATIVE IMPACTS:

To be managed by existing staff.

6. RISKS:

If the protection agreement is not approved, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from IESO or the cost of the financing will be potentially materially greater than it otherwise would be.

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of the OFHP and peak at an estimated $~~24B to $26~~20B of debt (final cost forecasts TBC), including principal and accumulated interest.

In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time. The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

While it is difficult to estimate the actual impact to the Province's interest on debt (IOD) expense, the worst case scenario would be the Province assuming the debt at its peak. If so, IOD expense may increase between $0.8B and $1.0~~3~~B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.

Commented [AS1]: Using updated forecast of peak debt at $20B and interest rate range of 4.2% to 5.0%

It is important to note that, if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (IOD expense) will depend on whether or not some portions of the OFHPA continue in some form, or not. If the payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used. Also, debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

7. COMMUNICATION PLAN

Key Messages

- Ontario's Fair Hydro Plan has resulted in the biggest electricity rate reduction in ~~Ontario's~~ the history of our province.

- We have heard from Ontarians across the province that the price of electricity has risen too quickly: ~~, which is~~ that's why we moved forward with a plan to ensure the costs are shared more evenly over the years ahead.
- ~~The~~ Our government is following through on its commitment to balance the books as announced in ~~its~~ the 2017 Budget, while continuing to make investments in priority areas such as electricity price relief.
- This agreement is a key step in lowering electricity costs province-wide as part of the Fair Hydro Plan.

Strategic Approach

- Low-profile, reactive and targeted to industry stakeholders and government employees, as necessary. Reactive messaging contingent ~~upon~~ on legislative changes only with back-pocket QAs to support as needed.
- Communications support will continue to be led by the Ministry of Energy.

8. RECOMMENDATION

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017*, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends

	the Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*); (5) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that [materially][1] and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][2] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that [materially][3] and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

[1] Under consideration to assess the marketability implications of materiality threshold.

[2] Under consideration to assess the marketability implications of this phrase.

[3] See footnote 1, above.

Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity.
Optional Assumption:	At any time following the occurrence of a Protection Event, the Obligor shall be entitled (but not obligated) to assume the Financing Entity's obligations in respect of Specified Claims as obligor and debtor. The Financing Entity (including through the Financial Services Manager) will ensure that Specified Claims permit such an assumption by the Obligor without any penalty or make-whole payment (or, in the case of any contract for the provision of on-going services to the Financing Entity, the satisfaction and termination of the Specified Claims without any acceleration of future fees, profits or other like amounts), or any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

Ontario

Executive Council of Ontario
Order in Council

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Conseil exécutif de l'Ontario
Décret

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "Act"), the Lieutenant Governor in Council may by order authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest as described under the Act;

AND WHEREAS pursuant to subsection 22(2) of the Act, Ontario Power Generation Inc. as financial services manager, may establish or cause to be established one or more financing entities (a "Financing Entity") that may incur funding obligations in connection with investment interests;

AND WHEREAS it is considered desirable to authorize the Minister of Energy and the Minister of Finance to agree to guarantee or indemnify debts, obligations, securities or undertakings of a Financing Entity associated with investment interests acquired by a Financing Entity;

NOW THEREFORE:

1. Pursuant to subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017*, the Minister of Energy and the Minister of Finance, acting together on behalf of Ontario, are authorized to enter into one or more agreements to guarantee or indemnify the debts, obligations securities or undertakings of a Financing Entity associated with investment interests acquired by a Financing Entity.

2. The Minister of Energy and the Minister of Finance, acting together on behalf of Ontario are authorized to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee and indemnity authorized under paragraph 1 of this Order.

- - - - - - -

ATTENDU QU'en vertu du paragraphe 5 (3) de la *Loi de 2017 sur le Plan ontarien pour des frais d'électricité équitables* (la « Loi »), le lieutenant-gouverneur en conseil peut, par décret, autoriser le ministre de l'Énergie et le ministre des Finances, agissant de concert au nom de la province, à accepter de garantir ou de rembourser les dettes, obligations, valeurs mobilières ou engagements associés à une participation d'investissement et prévus dans la Loi;

ATTENDU QU'en vertu du paragraphe 22 (2) de la Loi, Ontario Power Generation Inc., en tant que gestionnaire des services financiers, peut créer ou faire créer une ou plusieurs entités de

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: Tobias Whitfield

Telephone/Téléphone: 416-325-1456

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le : _____

Secretary/Secrétaire: _____

financement (une « entité de financement ») qui peuvent contracter des obligations de financement dans le cadre de la participation d'investissement;

ATTENDU QU'il est jugé souhaitable d'autoriser le ministre de l'Énergie et le ministre des Finances à accepter de garantir ou de rembourser les dettes, obligations, valeurs mobilières ou engagements d'une entité de financement qui sont associés à une participation d'investissement acquise par cette dernière;

EN CONSÉQUENCE :

1. En vertu du paragraphe 5 (3) de la *Loi de 2017 sur le Plan ontarien pour des frais d'électricité équitables*, le ministre de l'Énergie et le ministre des Finances, agissant de concert au nom de la province, sont autorisés à accepter de garantir ou de rembourser les dettes, obligations, valeurs mobilières ou engagements d'une entité de financement qui sont associés à une participation d'investissement acquise par cette dernière.

2. Le ministre de l'Énergie et le ministre des Finances, agissant de concert au nom de la province, sont autorisés à fixer les conditions et le plafond de la garantie ou du remboursement qu'autorise l'article 1 du présent décret.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Recommended: Minister of Energy
Recommandé par : Le ministre de l'Énergie

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

Ministry of Finance
Office of the Minister

Ministère des Finances
Bureau du ministre

Ontario

7th Floor, Frost Building South
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Telephone: 416-325-0400
Facsimile: 416-325-0374

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7 Queen's Park Crescent
Toronto ON M7A 1Y7
Téléphone: 416-325-0400
Télécopieur: 416-325-0374

Approval pursuant to section 28 of the *Financial Administration Act*

For the purpose of subsection 28(1) of the *Financial Administration Act*, I hereby approve the Minister of Energy and Minister of Finance seeking approval from the Lieutenant Governor in Council for the attached recommendation for an order in council pursuant to section 5(3) of the *Ontario Fair Hydro Plan Act, 2017*.

Minister of Finance

From:	Anna Strathy
To:	Ronald Kwan; Ken Kandeepan
Cc:	Gavin He
Subject:	RE: DM and Minister Briefing | Change of Law Assumption Agreement (Fair Hydro Plan) Submission
Date:	Wednesday, September 20, 2017 4:20:16 PM

Thank you both!

-----Original Message-----
From: Ronald Kwan
Sent: Wednesday, September 20, 2017 4:19 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: DM and Minister Briefing | Change of Law Assumption Agreement (Fair Hydro Plan) Submission

Ditto, and thanks Anna.

Ron

> On Sep 20, 2017, at 4:18 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
>
> Most certainly, see you at 9 am tomorrow at Frost
>
> Ken k
>
> Sent from my iPhone
>
>> On Sep 20, 2017, at 4:15 PM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:
>>
>> Hi Ken, Ron,
>>
>> Just confirming that, in Gadi's absence, you'll take the Deputy and Minister through the TB submission tomorrow morning at 9am. The DMO has the full signing package, but I'm attaching the final products for your reference:
>>
>> TB submission (clean)
>> TB submission (with the Deputy's changes tracked) Slide deck Draft
>> OIC Section 28
>>
>> I will bring extra copies of the deck and submission with me tomorrow. Note, CQSD, MOF Legal and OPCD will also be in attendance.
>>
>> Thanks, Anna
>>
>>
>>
>> -----Original Appointment-----
>> From: Sousa, Charles (MOF) [mailto:Charles.Sousa@ontario.ca]
>> Sent: Monday, September 18, 2017 4:25 PM
>> To: Charles Sousa (MOF);
>> @FIN-R-TOR.7QueensParkCres.Trillium.Boardroom (MOF); Ghiassi, Ali
>> (MOF); Marianne Nguyen (MCYS); Scott Thompson (CAB); Sonia Parisi
>> (MGS); David McLean (MOF); Jonathan Tekle (CAB); Helmut Zisser (MOF);
>> Linda Gibney (MOF); Anthony Reiss (MGS); Gadi Mayman; Ronald Kwan;

>> Ken Kandeepan; Veinot, Cindy (TBS); Scott Nelms (ENERGY); Malle
>> Hanslep (MOF)
>> Cc: Visca, Marie (MOF); Tobias P. Whitfield (MOF); Michael Waterston
>> (MOF); Mark Donaldson (MOF)
>> Subject: Copy: DM and Minister Briefing | Change of Law Assumption
>> Agreement (Fair Hydro Plan) Submission
>> When: Thursday, September 21, 2017 9:00 AM-9:30 AM (UTC-05:00) Eastern Time (US & Canada).
>> Where: Trillium Boardroom
>>
>>
>>
>>
>>
>> <MOF Briefings_OFHP_Protection Agreement_v11.pptx>
>> <TB20 Submission_Provincial Protection Agreement_V10_clean.docx>
>> <TB20 Submission_Provincial Protection
>> Agreement_V10_track_change.pdf> <OIC Provincial Protection
>> Agreement.pdf> <S. 28 Protection Agreement.doc>

From: Ronald Kwan
To: Marianne Nguyen (MCYS)
Subject: RE: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
Date: Tuesday, September 19, 2017 6:43:33 PM

Thanks Marianne.

Did you try to send me the pdf of the deck? I didn't see anything in my inbox.

Ron

-----Original Appointment-----
From: Marianne.Nguyen@ontario.ca [mailto:Marianne.Nguyen@ontario.ca] **On Behalf Of** Imbrogno, Serge (ENERGY)
Sent: September-19-17 17:36
To: Ronald Kwan
Subject: FW: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
When: September-20-17 08:00-08:45 (UTC-05:00) Eastern Time (US & Canada).
Where: 900 Bay Street, 4th Floor, Hearst Block, Ministry of Energy Executive Boardroom

-----Original Appointment-----
From: Imbrogno, Serge (ENERGY)
Sent: September-19-17 4:50 PM
To: Imbrogno, Serge (ENERGY); Thompson, Scott (MOF); Ghiassi, Ali (MOF); Nguyen, Marianne (MOF); Thiru, Kaj (MOF); McLean, David (MOF); Schlaepfer, Martin (ENERGY); Bungaro-Yemec, Francesca (ENERGY); Teliszewsky, Andrew (ENERGY); Baker, Carys (ENERGY); Nelms, Scott (MOF); Mayman, Gadi (OFA); Angus, Helen (TBS); Hresa Gavaris; MacIntyre, Kyle (TBS); Strathy, Anna (OFA); Whittington, Matt (ENERGY); Hume, Steen (ENERGY); Cox, Hilary (ENERGY)
Cc: Katona, Keley (MOF); Hughes, Karen (TBS); Veinot, Cindy (TBS); Cayley, Daniel (ENERGY); O'Riordan, Eamon (ENERGY)
Subject: FW: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
When: September-20-17 8:00 AM-8:45 AM (UTC-05:00) Eastern Time (US & Canada).
Where: 900 Bay Street, 4th Floor, Hearst Block, Ministry of Energy Executive Boardroom

-----Original Appointment-----
From: Imbrogno, Serge (ENERGY)
Sent: September 19, 2017 4:36 PM
To: Imbrogno, Serge (ENERGY); McLean, David (MOF); Schlaepfer, Martin (ENERGY); Bungaro-

Yemec, Francesca (ENERGY); Teliszewsky, Andrew (ENERGY); Baker, Carys (ENERGY); Nelms, Scott (MOF); Mayman, Gadi (OFA); Angus, Helen (TBS); Hresa Gavaris; MacIntyre, Kyle (TBS); Strathy, Anna (OFA); Whittington, Matt (ENERGY); Hume, Steen (ENERGY); Cox, Hilary (ENERGY)
Cc: Katona, Keley (MOF); Hughes, Karen (TBS); Veinot, Cindy (TBS); Cayley, Daniel (ENERGY); O'Riordan, Eamon (ENERGY)
Subject: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
When: September 20, 2017 8:00 AM-8:45 AM (UTC-05:00) Eastern Time (US & Canada).
Where: 900 Bay Street, 4th Floor, Hearst Block, Ministry of Energy Executive Boardroom

From:	Nguyen, Marianne (MOF)
To:	Ronald Kwan
Cc:	Jonathan Tekle (CAB)
Subject:	RE: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
Date:	Tuesday, September 19, 2017 7:12:07 PM
Attachments:	20170919185556393.pdf

Here you go! Didn't have a chance to get to the scanner until now.

From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
Sent: September-19-17 6:44 PM
To: Nguyen, Marianne (MOF)
Subject: RE: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement

Thanks Marianne.

Did you try to send me the pdf of the deck? I didn't see anything in my inbox.

Ron

-----Original Appointment-----
From: Marianne.Nguyen@ontario.ca [mailto:Marianne.Nguyen@ontario.ca] **On Behalf Of** Imbrogno, Serge (ENERGY)
Sent: September-19-17 17:36
To: Ronald Kwan
Subject: FW: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
When: September-20-17 08:00-08:45 (UTC-05:00) Eastern Time (US & Canada).
Where: 900 Bay Street, 4th Floor, Hearst Block, Ministry of Energy Executive Boardroom

-----Original Appointment-----
From: Imbrogno, Serge (ENERGY)
Sent: September-19-17 4:50 PM
To: Imbrogno, Serge (ENERGY); Thompson, Scott (MOF); Ghiassi, Ali (MOF); Nguyen, Marianne (MOF); Thiru, Kaj (MOF); McLean, David (MOF); Schlaepfer, Martin (ENERGY); Bungaro-Yemec, Francesca (ENERGY); Teliszewsky, Andrew (ENERGY); Baker, Carys (ENERGY); Nelms, Scott (MOF); Mayman, Gadi (OFA); Angus, Helen (TBS); Hresa Gavaris; MacIntyre, Kyle (TBS); Strathy, Anna (OFA); Whittington, Matt (ENERGY); Hume, Steen (ENERGY); Cox, Hilary (ENERGY)
Cc: Katona, Keley (MOF); Hughes, Karen (TBS); Veinot, Cindy (TBS); Cayley, Daniel (ENERGY); O'Riordan, Eamon (ENERGY)
Subject: FW: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
When: September-20-17 8:00 AM-8:45 AM (UTC-05:00) Eastern Time (US & Canada).
Where: 900 Bay Street, 4th Floor, Hearst Block, Ministry of Energy Executive Boardroom

-----Original Appointment-----
From: Imbrogno, Serge (ENERGY)
Sent: September 19, 2017 4:36 PM

To: Imbrogno, Serge (ENERGY); McLean, David (MOF); Schlaepfer, Martin (ENERGY); Bungaro-Yemec, Francesca (ENERGY); Teliszewsky, Andrew (ENERGY); Baker, Carys (ENERGY); Nelms, Scott (MOF); Mayman, Gadi (OFA); Angus, Helen (TBS); Hresa Gavaris; MacIntyre, Kyle (TBS); Strathy, Anna (OFA); Whittington, Matt (ENERGY); Hume, Steen (ENERGY); Cox, Hilary (ENERGY)
Cc: Katona, Keley (MOF); Hughes, Karen (TBS); Veinot, Cindy (TBS); Cayley, Daniel (ENERGY); O'Riordan, Eamon (ENERGY)
Subject: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
When: September 20, 2017 8:00 AM-8:45 AM (UTC-05:00) Eastern Time (US & Canada).
Where: 900 Bay Street, 4th Floor, Hearst Block, Ministry of Energy Executive Boardroom

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Scott/Gadi

Ontario

Change of Law Protection Agreement

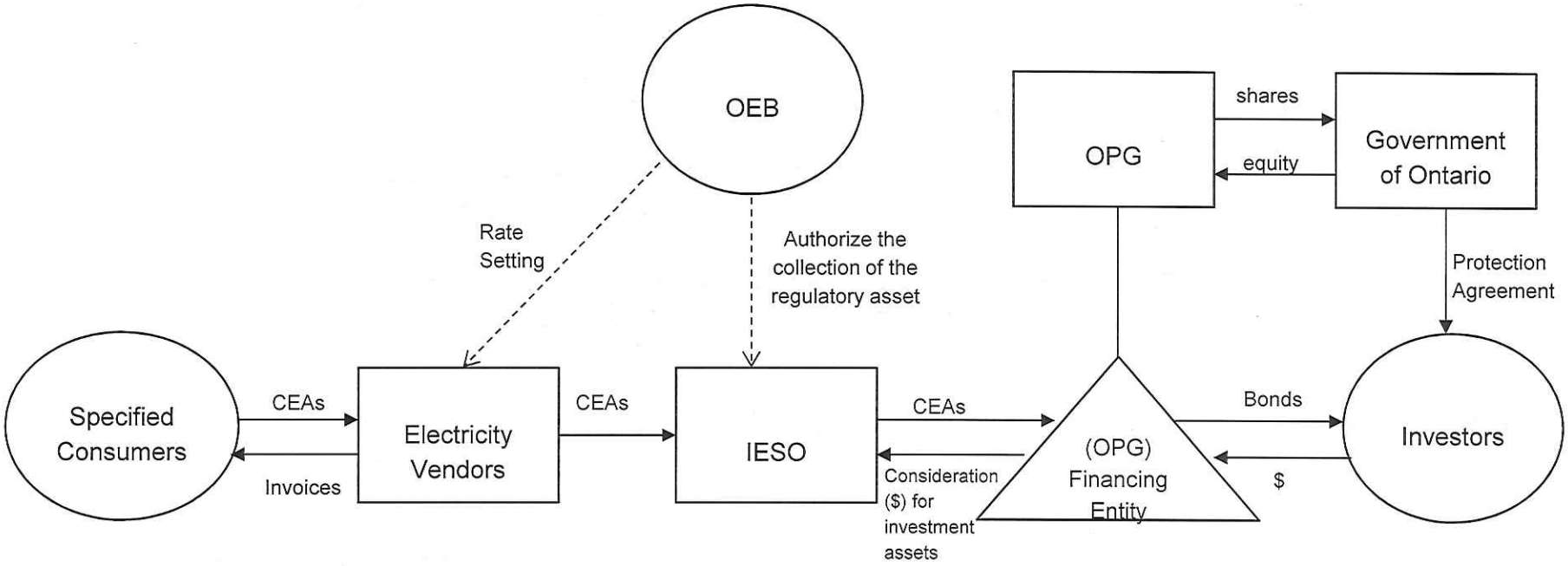
September 15, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Background

- The *Ontario Fair Hydro Plan Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset to recover the balance in the variance account
    - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
    - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
    - The Financing Entity will purchase the regulatory asset, effectively financing the shortfall in current rates not received from ratepayers
- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- OPG has requested that the Province provide a protection agreement that supports the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would take over the funding obligations of the Financing Entity

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are "clean energy adjustments"

Provisions Under the Act

- As contemplated under the Act, OPG is requesting a Provincial commitment to support the planned Financing Entity's ability to borrow to finance the deferral of global adjustment amounts in certain limited circumstances
- Under s.5(3) of the OFHP Act,
  - *The LGIC may by order,*
    - *Authorize the Minister (of Energy) and the Minister of Finance, acting together on behalf of the Province,*
      - *To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and*
      - *To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity*
    - *Specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance*
    - *Specify a maximum liability for the guarantee or indemnity*

Provincial Protection Agreement

- OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:
    - Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the *Ontario Fair Hydro Plan Act, 2017*, or new legislation that adversely affect the Financing Entity
    - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
    - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.
- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
    - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access US market as investors in that market will likely require additional compensation if the assumption agreement is triggered

Considerations

- If a protection agreement is not provided, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from the IESO or the cost of the financing will be potentially materially greater than it otherwise would be
- If a protection agreement is provided, the Province takes on a contingent liability
  - The creation of a contingent liability will not currently affect net debt
  - The amount of the contingent liability will increase over the duration of the Fair Hydro Plan and peak at an estimated $24B to $26B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
  - IOD expense may increase between $0.8B and $1.3B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Proposed Minute

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

a) Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   i. to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and

   ii. to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

From:	Anna Strathy
To:	Ronald Kwan
Subject:	RE: Discussion of OPG's Proposed Adherence Terms | OFA, OPCD, MOF, Legal Counsel
Date:	Wednesday, October 25, 2017 4:22:39 PM

Oh, thanks for that Ron! I didn't realize. Much appreciated.

From: Ronald Kwan
Sent: Wednesday, October 25, 2017 4:01 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Re: Discussion of OPG's Proposed Adherence Terms | OFA, OPCD, MOF, Legal Counsel

Hi Anna,

Just as a comment, it may be better not to send out attachments with meeting notices (and send them instead in a separate email) unless the meeting can be made "Private" by Outlook.

I believe that anyone who has access to an OFA boardroom in the Outlook Calendar can view all meetings scheduled, including attachments.

Ron

From: Anna Strathy
Sent: October 25, 2017 3:48 PM
To: Anna Strathy; Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Hresa Gavaris; John Psinas
Subject: Discussion of OPG's Proposed Adherence Terms | OFA, OPCD, MOF, Legal Counsel
When: October 26, 2017 9:30 AM-10:30 AM.
Where: Executive Boardroom, 14th Floor, 1 Dundas OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to moderate

or
Please call Hresa at 5-8002 upon arrival

From:	Anna Strathy
To:	Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); "stephen.ashbourne@blakes.com"; Hresa Gavaris; John Psinas
Cc:	Tom McKinlay (MAG)
Subject:	RE: Discussion of OPG's Proposed Adherence Terms | OFA, OPCD, MOF, Legal Counsel
Date:	Thursday, October 26, 2017 9:03:28 AM
Attachments:	12917730-v1-Questions (Adherence Conditions).docx

Good morning,

Several OFA staff have a hard stop today at 10:30am, so I'd like to suggest that we try to move through the questions as quickly as possible to finish today's meeting on time. And thank you to Stephen and Toby for preparing the attached to help focus our attention. Much appreciated.

Anna

-----Original Appointment-----
From: Anna Strathy
Sent: Wednesday, October 25, 2017 3:49 PM
To: Anna Strathy; Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Hresa Gavaris; John Psinas
Cc: McKinlay, Tom (MAG)
Subject: Discussion of OPG's Proposed Adherence Terms | OFA, OPCD, MOF, Legal Counsel
When: Thursday, October 26, 2017 9:30 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: Executive Boardroom, 14th Floor, 1 Dundas OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Toll-free dial-in number: 1-866-602-5461

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Conference ID: 4717656

OFA to moderate

or

Please call Hresa at 5-8002 upon arrival

<< File: 12917730-v1-Questions (Adherence Conditions).docx >>

Confidential legal advice subject to solicitor-client privilege

October 23, 2017

Questions for MOE and OFA to consider regarding OPG's Proposed Adherence Terms

A. Scope of Province's Obligations under the Change of Law Protection Agreement (**CLPA**)

1. On a Protection Event, should the Province become responsible for the payment of taxes (if any) owing by the Financing Entity?

2. On a Protection Event, should the Province become liable to pay amounts owing by the Financing Entity to OPG (e.g., FSM fees and expenses)?

3. On a Protection Event, should all available funds (e.g., funds accumulated in sinking funds) be immediately applied to reduce the amount that the Province would be liable for under the CLPA?

4. Should the Province set a "Protection Agreement Maximum" (previously called the "Program Maximum") that measures and relates only to "principal amounts"? In other words, should the limitation be tied only to principal obligations, while the Province's actual obligations would automatically extend, without specific quantum limits, to the other payment obligations under "funding obligations" (e.g., interest, swaps, standby liquidity commitment fees, servicer fees and expenses)?

5. Is the Province comfortable guaranteeing contingent obligations (e.g., indemnity obligations) of the Financing Entity? If so, should the Province require that such contingent obligations be "capped" within the funding obligation itself or should the exposure of the Province be otherwise limited under the CLPA?

6. Should the Province be required to deposit funds to meet sinking fund or collateral deposits (i.e., deposit obligations incorporated in the financing structure on the basis that the "clean energy" cash flows will service the obligations, rather than the Province), notwithstanding that the Province would have become primarily liable for payment obligations under the CLPA?

B. Adhesion

7. Is the Province okay splitting the maximum exposure limitations and "process-related" matters (see below) into a separate agreement - away from the terms of the agreement under which the Province's payment obligations would bind the Province opposite the Indenture Trustee? OPG proposes this in order to keep the optics of the CLPA as simple and straightforward as possible. In other words, is the Province prepared to leave all of the important details regarding what OPG is supposed to do before incurring an obligation that binds the Province to a side agreement with OPG, that is opaque to the Indenture Trustee and Underwriters at the time a funding obligation is incurred and not requiring any third party to have notice or regard to the Province's requirements?

8. OPG proposes that delivery of an officers' certificate to a third party, in OPG's capacity as FSM, will in and of itself bind the Province under the CLPA. That certificate would simply indicate that the Province is bound under the CLPA with respect to the specified funding obligation. It would not be addressed to the Province (although a pre-closing certificate is contemplated to be delivered to the Province) and the "Protection Agreement Maximum" concept would not be incorporated as a specific condition (other

than to the extent that OPG is bound to the Province under the side agreement with the Province). Is this acceptable to the Province? Does this raise any governance/authority issues for the Province (e.g., limit on incurrence needing to be specifically confirmed at closing? scope of permitted delegation to bind? FAA compliance?)

C. "Protection Agreement Maximum" (formerly "Program Maximum" (**PAM**)

9. OPG proposes that the PAM will be determined based on a mechanical calculation and without any real discretion on the part of the Province to set or object to the PAM. Is this acceptable to the Province?

10. OPG's proposed mechanical process to determine PAM would be based on OPG's 24 month forecast (estimate) of payments to be made by the Financing Entity. So long as that forecast (and any refresh) is consistent with the "Financing Plan" (also prepared by OPG) and is "reasonably expected to align with the fair allocation amount", the Province will be required to accept the PAM based on OPG's forecast – i.e., no discretion to reject or modify the aggregate amount of the Province's commitment initially or from time to time. Is the Province prepared to tie its CLPA obligation automatically to the operation of the OFHPA in this way, without review and with perpetual effect?

11. Is the proposed mechanical link to the OFHPA calculations consistent with the OIC or other governance requirements applicable to the Province's authority to approve the CLPA?

12. Is the initial 24 month forecast period appropriate (e.g., 2.5B x 2 – large)? Is OPG's proposed refresh of the PAM (mechanically tied to the new forecast), 9 to 12 months prior to the end of the 24 month forecast period, appropriate?

D. "Process-Related" Matters

13. Assuming the Province is okay with the arrangements described in question 7, above, we would envision a mechanism where the Province could give the Indenture Trustee notice of a breach (if known) by OPG of the PAM or process-related side agreement, and that such a notice would have the effect of cutting off the application of the CLPA for any future incurrences unless the Province further agrees otherwise. Does the Province agree that this sort of failsafe is essential? Note that OPG's suggestion has been that no pre-incurrence non-adherence/failsafe provision be provided, in order to allow the Province to provide notice that the CLPA will not apply to a pending/proposed incurrence.

14. Does the Province need to contemplate other scenarios where the CLPA would become ineffective in respect of future incurrences, such as:

    a. an OPG change of control

    b. a policy-based determination by a future government

    c. an unanticipated circumstance, such as the incurrence by the Financing Entity of assessed tax liabilities, indemnity payments, "increased costs", rating downgrades, offering disclosure-based claims, defaults under the program,

insolvency of a major counterparty (e.g., swap counterparty or services provider), etc.

d. a discretionary circumstance where the Province decides it no longer wishes to be liable under the CLPA?

We expect that OPG would push back so that any suspension of new obligations by the Province would not hamper OPG's ability to complete an anticipated/needed refinancing.

15. Does the Province have any reservations about letting OPG at any time provide a binding certificate to third parties regarding adherence, which would be determinative of the Province's obligations. What conditions for this sort of certificate would make sense (e.g., preview and consent by the Province)? Does this proposal raise any governance/authority issues for the Province (e.g., scope of delegation; FAA compliance)?

16. If the Province is prepared to be liable for taxes owing by the Financing Entity (see question 1, above), what oversight, assurances, documentation and reporting regarding the potential for entity-level taxes should the Province require (if any)?

17. OPG is proposing that the Province will receive a certificate prior to the Financing Entity incurring a funding obligation, that sets out "the material terms of the funding obligations pertaining to the principal amount, pricing and third party fees". Is that a sufficient amount of detail, or would the Province like to specifically itemize its information expectations, to cover things such as:

    a. details respecting any principal obligation, such as:

        i. the amount, timing and conditions of repayments (including any redemption or extension rights)

        ii. the basis for OPG's expectations regarding the availability of any related refinancings

        iii. any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the principal obligation

        iv. the rating (if any) contemplated to be attributed to the principal repayment of the funding obligation

        v. details respecting any redemption rights, including the nature and conditions applicable to any exercise and OPG's expected basis for determining whether or not to exercise a redemption right, option or privilege;

    b. details respecting interest obligations, such as:

        i. the anticipated interest or discount rate or rates (including default rates)

        ii. the timing/frequency/conditions of coupon payments

iii. any required deposits to be made into a finance reserve account or supplemental account

iv. the availability of any funding rebates in order to provide for payment of interest

v. the rating (if any) contemplated to be attributed to the interest obligation;

c. details respecting any hedging obligation (e.g., interest or FX swaps, options or other derivatives), such as:

i. the name of the counterparty and credit details

ii. the credit ratings (if any) of the payor(s)

iii. the risks sought to be mitigated by the derivative

iv. anticipated circumstances (if any) in which the derivative may not achieve such mitigation or be subject to early termination

v. whether collateral posting requirements will apply;

d. details respecting other funding obligations, such as:

i. the payee

ii. the timing and any conditions of payments

iii. any required deposits to be made into a finance reserve account or supplemental account or the availability of any funding rebates in order to provide for payment of such obligations

iv. in the case of a contingent obligation (e.g., indemnities), the nature and extent of any contingency affecting the payment obligation, the circumstances in which a payment obligation may arise and any specified maximum claim amount

e. assuming that the Province would be liable for capital, reserve or supplementary account deposit obligations (see question 6, above), details respecting the schedule for such deposits and the conditions for the application of such amounts to pay such amounts and the related priorities for application.

18. OPG (and presumably OPG's accountants) is contemplating that the Province will be provided transaction documentation "in substantially final form" and that the Province will not be entitled to provide input "other than in its capacity as obligor under the [CLPA]". In other words, assuming that the CLPA is signed in advance, the Province will have no real opportunity to comment on the forms of transaction documents to be used, and will

have a limited opportunity to "not accept" [1] the documentation. Can the Province live with these limitations?

19. The proposed OPG certificate (pre-incurrence) would include an attestation by OPG regarding the use of pre-reviewed documentation. The test for conformity of the to-be-used documentation, compared to the pre-reviewed documentation, would focus only on whether "the covenants of the Financing Entity are no more onerous in any material respect" and that the "events of default" are consistent "in all material respects". Is the limited scope of this conformity test acceptable, or should it be broadened and cover specific items such as:

    a. no differences in the timing of or circumstances under which payments are or may become due (for example, as a result of any termination, wind-up, liquidation or realization)

    b. no differences that could affect the Province's rights of subrogation or interests as a subrogee

    c. with respect to the anticipated form of series specific documents (as opposed to the upfront terms of program-wide "master" documents), confirming that the variable terms set forth in the proposed documents are as reasonably contemplated in the reviewed forms, having regard to such matters as:

        i. the type of instrument to be issued (i.e., debt (bullet vs. amortizing), equity-linked, pass-through instruments, etc.)

        ii. the scope of the related obligations (e.g., redemption or extension features or other optionality)

        iii. the extent of the related obligations (e.g., limited recourse features, limitations on indemnities, etc.)

        iv. the timing, conditions and circumstances in which payment obligations may arise,

    but making it clear that conformity would not include a comparison to the particular financial terms, rates, levels and parameters of the obligations other than if the reviewed forms specify specific requirements, limitations or parameters.

20. How much time is sufficient for the Province:

    a. to do an initial review of the main transaction documentation (including forms of series-specific documents), which would set the acceptable pattern for future

---

[1] Note that the proposed OPG language is not crystal clear that the Province can reject the reviewed documentation, which we expect is merely drafting, but that will need to be confirmed assuming the Province wishes to work within the OPG/Tory mark-up.

issuances? The proposal is 15 BDs, although that does not seem to make sense given that OPG proposes that the Province must confirm acceptance of the terms within 15 BDs of receipt of the documentation

b. to do a review of any changes to the main transaction documentation (including forms of series-specific documents), which would reset the acceptable pattern for future issuances? The proposal is to receive proposed amendments at least 15 BDs prior to first use, and the Province would confirm acceptance of the terms within 15 BDs of receipt of the documentation

c. to review applicable details of a proposed funding obligation in advance of an incurrence (proposal is 10BDs)?

21. What other items should be incorporated into the timeline from the Province's perspective?

E. Information, Reporting and Other Covenants

22. OPG proposes to provide the Province with an applicable "Financing Plan" only after an incurrence. Does the Province need to see this document as it is issued and changed, rather than only after the time of an incurrence?

23. OPG proposes to provide the Province with any actual offering/disclosure documents only after it is used. Does the Province need to have input into offering/disclosure document before use or dissemination (e.g., the description of the CLPA)?

24. OPG has limited its negative covenant on elections by the Financing Entity following a Protection Event to actions that would accelerate obligations. Should this be broader to cover extensions or other consensual changes that could affect the obligations (e.g., creditor concessions).

F. Parties

25. Will it be sufficient for the CLPA (and any procedural side-letter) to be signed by OPG, acting solely in its capacity as "financial services manager" (i.e., with OPG's liability being limited by the terms of the related management or administrative agreement)? How does this interplay with any other indemnities or exculpatory provisions that the Province is anticipating for OPG (corporate) and its officers?

26. Who from OPG should sign the officer's certificate? The OPG proposal is 2 "executive officers".

27. OPG proposes that a failure to comply with the PAM or "approval process" will not result in any breach. Assuming that OPG is in fact proposing that its failure would have no consequences, including as between the Province and OPG whatsoever, are the process aspects of the OPG proposal even meaningful to the Province?

From:	LEE John -TREASURY
To:	Ken Kandeepan
Cc:	Mike Manning; James Devine; Carlos Yep; Malle Hanslep (MOF); WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; Tobias P. Whitfield (MOF); John Psinas; John Kim; Ronald Kwan; Tom McKinlay (MAG); Anna Strathy; Mark Donaldson (MOF); "ASHBOURNE, STEPHEN"; Ramchandani, Rima; MAUTI John -FIN & C CTRL
Subject:	RE: EXTERNAL – FW: Circulation of drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement
Date:	Friday, November 03, 2017 9:18:45 AM

Thanks.
I will let you know if a meeting will be necessary or whether we will just provide a blackline after we have conducted our review.

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Friday, November 03, 2017 8:53 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Subject: EXTERNAL – FW: Circulation of drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement

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

Hi John

As discussed previously pls find attached the Protection Agreement and the accompanying process document which have been forwarded to Torys by Steven Ashbourne last evening. Pls provide us with your consolidated comments including feedback from the dealers, E&Y and where appropriate the Rating Agency.

Based on the timeline that we discussed on Tuesday, your comments will allow decision makers such as Gadi to provide guidance next week on resolving any material issues that are identified in your response.

Thanks

Ken k

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From:	Ken Kandeepan
To:	"LEE John -TREASURY"
Cc:	Mike Manning; James Devine; Carlos Yep; Malle Hanslep (MOF); WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; Tobias P. Whitfield (MOF); John Psinas; John Kim; Ronald Kwan; Tom McKinlay (MAG); Anna Strathy; Mark Donaldson (MOF); "ASHBOURNE, STEPHEN"; Ramchandani, Rima; MAUTI John -FIN & C CTRL
Subject:	RE: EXTERNAL – FW: Circulation of drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement
Date:	Friday, November 03, 2017 9:55:40 AM
Attachments:	23239360-v9-CLPA - Protection Agreement.DOCX 23239361-v7-CLPA - Process Agreement.DOCX

Thanks John, as our counsel have pointed out, my previous email attached the blackline version of the two documents, for ease of review and in order to distinguish your responses from our previous edits, I am attaching the clean version, pls use this for comments and edits.

Thanks

Ken k

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Friday, November 03, 2017 9:18 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; Ramchandani, Rima <rramchandani@torys.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>
Subject: RE: EXTERNAL – FW: Circulation of drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement

Thanks.
I will let you know if a meeting will be necessary or whether we will just provide a blackline after we have conducted our review.

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Friday, November 03, 2017 8:53 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>
Subject: EXTERNAL – FW: Circulation of drafts of the Change of Law Protection Agreement and the

Change of Law Process Agreement

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

Hi John

As discussed previously pls find attached the Protection Agreement and the accompanying process document which have been forwarded to Torys by Steven Ashbourne last evening. Pls provide us with your consolidated comments including feedback from the dealers, E&Y and where appropriate the Rating Agency.

Based on the timeline that we discussed on Tuesday, your comments will allow decision makers such as Gadi to provide guidance next week on resolving any material issues that are identified in your response.

Thanks

Ken k

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Draft: November 2, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

[FINANCING ENTITY TRUSTEE] IN ITS CAPACITY AS TRUSTEE OF THE [FINANCING ENTITY]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

[NAME OF INDENTURE TRUSTEE], AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), **[FINANCING ENTITY TRUSTEE]**, as the Financing Entity Trustee and in its capacity as trustee of the **[FINANCING ENTITY]**, a trust settled by the FSM under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc. in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada, as Indenture Trustee and in its capacity as trustee for the in accordance with the Trust Indenture, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the FSM established the Financing Entity as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The trustee of the Financing Entity in its capacity as Financing Entity Trustee and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

OPG and the Province will concurrently enter into the Process Agreement, under which OPG will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved

Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity Trustee, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated

Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture. No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under

the Trust Indenture or other agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province upon performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY

HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity Trustee

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Financing Entity shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the Approved Obligations owing from time to time by the Financing Entity to the Indenture Trustee as and when they become due and payable, without Acceleration[1]. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation (without Acceleration) in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts owing by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[2], in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation, in each case by the Province depositing or causing the deposit of the applicable payment amount into the Collection Account (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation, including (i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event, and (ii) amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account or a Supplemental Reserve Account.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

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[1] Consider mechanics for notifying the Province regarding the specific amounts payable and their due dates. Consider attaching a detailed schedule of payments under the Payment Demand and the respective due date of each payment.

[2] Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations", which in turn relies on the definition of Primary Obligations. The connection between a Primary Obligations and an "investment interest" is therefore crucial. Blakes is considering how to more precisely connect these concepts.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

2.02 Gross-up

[All amounts payable by the Province under this Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Province is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Province shall deposit into the Collection Account such additional amount as is necessary to ensure that the Indenture Trustee receives (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise due and payable in respect of the related Approved Obligation, net of any such taxes, charges, fees, levies, duties or withholdings.][3]

2.03 Absence of Set-off

The Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Collection Account in Satisfaction

Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Collection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation.[4] Upon a payment having been made by or on behalf of the Province into the Collection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable under the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[5].

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[3] Under consideration.

[4] This will need to operate in tandem with the Trust Indenture waterfall. The idea is that the Approved Obligations may not necessarily follow the sequence of the "payment waterfall" included in the Trust Indenture, and so amounts from the Province would need to operate independently.

[5] Consider how Beneficiary rights under Obligations Secured will be amended under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a corresponding provision should appear in the Trust Indenture and each other contract under which the Obligation Secured arises, to the effect that the Beneficiaries will be deemed to be bound by the agreement of the Indenture Trustee under this Agreement.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03].

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine,

provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (a) the Adherence Conditions applicable thereto have been satisfied; or (b) the Province has specifically approved in writing the particular terms, conditions and documentation for the Primary Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured;

(b) at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments[6] under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not exceed the Protection Agreement Maximum;

(c) the FSM delivers a notice to the Indenture Trustee, with a copy to the Province, one Business Day prior to the incurrence or any amendment of the Primary Obligation, setting out the Protection Agreement Maximum;

(d) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG) and addressed to the Province and the Indenture Trustee, one Business Day prior to the earlier of (i) one Business Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to the Primary Obligation:

i. confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation (if any), together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not and will not exceed the Protection Agreement Maximum; and

ii. confirmation that the FSM has delivered to the Province a certificate in accordance with the Process Agreement confirming, among other things,

[6] Use of the concept of "repayments" under the OFHPA for this purpose is under consideration.

that the transaction documents in respect of the Primary Obligation are in substantially the form of the documentation reviewed by the Province; and

(e) the Province has not provided a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of this Agreement.

4.03 Evidence of Satisfaction

A closing certificate signed by at least two executive officers of OPG in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defect or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
RIGHTS OF THE PROVINCE

5.01 Assignment and Subrogation

Upon paying an amount in respect of an Approved Obligation:

(a) to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or

(b) as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI,

the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a secured party under the Trust Indenture) under such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including, if applicable, as a Noteholder) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Voting Rights under "Outstanding Notes"

Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[7]:

(a) Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and

(b) in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.

5.04 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured and constitute a Finance Amount.[8]

[7] This concept needs to be reflected in the Trust Indenture.

[8] General Regulation to be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[9]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee.

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

[9] Further details regarding obtaining of third party consents and rating agency approvals to be considered.

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

7.04 Release of all Collateral

(a) The Indenture Trustee shall not execute instruments to release Collateral from the Security Interest of the Trust Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, unless and until the rights and interests of the Province under Section 5.01 or otherwise as an assignee of any of the Obligations Secured or as a subrogee have been satisfied in full and the Province has no continuing obligations under this Agreement.

(b) The Province shall be entitled to receive at least 10 Business Days' written notice when the Indenture Trustee proposes to take any action pursuant to Subsection 7.04(a), accompanied by copies of any instruments involved.

7.05 Right to Notice and Attend Meetings

The Financing Entity shall ensure that the Province receives advance notice of any meeting or proposed written resolution of Specified Creditors (or any of them) and the Province and its legal advisers shall be permitted to attend and be represented at any meeting of such Specified Creditors.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**"):

(a) shall be provided by the FSM or the Province to the Indenture Trustee promptly following the occurrence of a Program Breach; and

(b) may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Financing Entity shall not incur any new or additional Obligation Secured and shall not amend or terminate any existing Obligation Secured except with the prior written consent of the Province.

8.03 Termination Notice

On the occurrence of a Suspension Event, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

[Financing Entity]
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

[Financing Entity Trustee], in its capacity as Financing Entity Trustee for [Financing Entity]
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Force Majeure

In no event shall the Indenture Trustee or the Financing Entity Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Financing Entity Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

9.08 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:

By: _____
Name:
Title:

[FINANCING ENTITY TRUSTEE], IN ITS CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]

By: _____
Name:
Title:

[INDENTURE TRUSTEE], AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[10] in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

["**Administrative Agent**" means OPG, in its capacity as administrative agent of the Financing Entity under the Administrative Services Agreement.]

["**Administrative Services Agreement**" means the administrative services agreement dated [■], 2017 between the Financing Entity and the Administrative Agent concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Financing Entity.][11]

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of OPG under the Process Agreement; or (b) any representation or warranty made by OPG, any certification made by OPG under the Process Agreement, or any certification made by OPG in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM, the Administrative Agent or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM, the Administrative Agent or the Manager.

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[10] Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.

[11] Note: To be confirmed if required.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Collection Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other

instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "Investment Interest" in the Act.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

["**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.]

["**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.][12]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

[12]Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured that is a Funding Obligation, other than (a) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; and (b) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and OPG.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Program Breach**" means an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Agreement Maximum"** means the dollar amount determined by the Province and of which OPG is provided notice in accordance with the Process Agreement.

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction (i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the Financing Entity's receipt of amounts in respect of its Investment Interest and (ii) issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

Draft: November 2, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**"), is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of ■, 2017, the FSM established the Financing Entity as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[1]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG, and of the Province in accordance with the Act, have been done.

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[1] Note: This draft only addresses the first Financing Entity. If additional financing entities are established, revisions to this Agreement may be made at that time, in context. Any additional financing entities contemplated should be as contemplated in the Financing Plan.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity or the Financing Entity Trustee

For greater certainty, each reference to the Financing Entity or to the Financing Entity Trustee shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.01 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than 15 Business Days prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Unless the Financing Entity is subject to the PILs Regime, not less than 15 Business Days prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province an analysis and assessment of the tax position of the Financing Entity. In addition, OPG shall promptly deliver written notice to the Province of any change in the Financing Entity's eligibility status under the PILs Regime and an analysis and assessment of any material change in the tax position of the Financing Entity.

(c) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional of replacement Transaction Document.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document).

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

(f) OPG shall, as the FSM, cause the Financing Entity to deliver to the Province copies of the Financing Entity's annual tax returns (if any) and any related tax assessments not more than 10 Business Days after such a tax return or tax assessment is required to be filed under applicable law.[2]

2.02 Covenants

(a) OPG shall, as the FSM, cause the Financing Entity to:

[2] Note: The tax documents to be provided to the Province are under consideration.

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not, without the prior written consent of the Province:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;

(B) consent to the resignation of (1) the Administrative Agent under the Administrative Services Agreement; or (2) the Manager under the Management Agreement;

(C) consolidate or merge with or into any other Person;

(D) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired;

(E) permit any Lien (other than the Security Interest) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(F) sell, transfer, exchange or otherwise dispose of any of the Collateral, other than as expressly permitted by the Trust Indenture;

(G) release any security or guarantee in respect of the Collateral other than as expressly permitted by the Trust Indenture; or

(H) voluntarily dissolve or liquidate.

(b) OPG shall:

(i) comply, and as the FSM cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation;

(iii) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under this Agreement would be accelerated, delayed or otherwise affected; and

(iv) ensure that any disclosure (including any Disclosure Document, press release or other written communication intended for dissemination to third parties) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement will be subject to the prior review of the Province and such disclosure will not be made (and any such Disclosure Document shall not be used and any such press release or other written communication shall not be issued) without the prior written consent of the Province, in each case unless such disclosure is substantially the same as a disclosure previously made and for which the Province had previously provided its written consent under this Subsection 2.02(b)(iv).

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation, and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the Primary Obligation, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the certificate referred to in Subsection 4.02(d)(ii) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; and

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(c) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation;

(b) with respect to the Reviewed Documentation referred to in clauses (v) to (ix) of the definition of "Transaction Documents", and, where applicable, clauses (x) and (xi) of the definition of "Transaction Documents" as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of the Primary Obligations arising thereunder and as to the timing, conditions and circumstances in which payment obligations under such Primary Obligations may arise, but without regard to the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(c) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) The initial Protection Agreement Maximum shall be determined by the Province prior to the initial issuance of the first Funding Obligation. The initial Protection Agreement Maximum will be confirmed by the Province by notice in writing to OPG, as the FSM.

(b) Not less than ■ Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province a forecast setting out OPG's expectations regarding the aggregate maximum amount of

Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the applicable Financing Plan (the "**Initial Forecast**"). In determining the initial Protection Agreement Maximum, the Province may have regard to (but not be bound by) the Initial Forecast.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**").

(d) Upon receiving an updated Forecast, the Province shall determine whether or not the Protection Agreement Maximum will be revised. In determining whether the Protection Agreement Maximum will be revised, the Province may have regard to (but not be bound by) such updated Forecast. Any determination by the Province to revise the Protection Agreement Maximum will be confirmed by setting out a new Protection Agreement Maximum in a written notice from the Province to the FSM and the Indenture Trustee, the delivery of which will be conclusive evidence that such new Protection Agreement Maximum will apply until it may be further so revised.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, shall cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction

in which it carries on business, has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto and to own its property and carry on its business as currently conducted.

(c) OPG has been validly appointed, and has irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation of OPG enforceable against OPG in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG (including in its capacity as the FSM) or the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or the Financing Entity or in the ability of OPG or the Financing Entity to perform their respective obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or

instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

ARTICLE VI
ELECTION TO ASSUME APPROVED OBLIGATIONS

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) to elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to OPG a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) a draft version of the Assumption Agreement prepared in relation to each Obligation Secured, prepared in accordance with and having regard to the requirements of the relevant agreement(s) under which the Obligation Secured arises.

6.03 Settlement of Terms

Within 20 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will cause the Financing Entity to cooperate, and each shall use its best efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.[3]

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG will, and as FSM, will cause the Financing Entity to, ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity, permitting

[3] Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.

the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts.[4]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement (including in respect of its role as FSM under any Program Agreement);

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect on the date made; or

(c) OPG is no longer the FSM, the Administrative Agent or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM, the Administrative Agent or the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to OPG, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other

[4] Note: The Trust Indenture will need to include a clause providing that the obligations of the Financing Entity to the Indenture Trustee and the Noteholders may be assigned to the Province in accordance with an assumption agreement, substantially in the form set out in an exhibit to the Trust Indenture.

communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Confidentiality[5]

8.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

[5] To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

[FINANCING ENTITY TRUSTEE], IN ITS CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]

By: _____
Name:
Title:

[INDENTURE TRUSTEE], AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

["**Administrative Agent**" has the meaning ascribed thereto in the Change of Law Protection Agreement.]

["**Administrative Services Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.][6]

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, the FSM and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction,

[6] Note: To be confirmed if required.

collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means [■], a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(b).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(b).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

["**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.]

["**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.][7]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**PILs Regime**" means the Payment in Lieu of Taxes regime contemplated under the *Electricity Act* (Ontario).

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount determined by the Province and of which OPG is provided written notice in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

[7]Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement, the Administrative Services Agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement between the Financing Entity and the IESO; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any

other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

(form of Assumption Agreement to be attached, once settled)

From:	Anna Strathy
To:	"LEE John -TREASURY"
Cc:	Scott Nelms (ENERGY); WONG Leslie -LAWDIV; RYFA Ken -TREASURY; HAHN PARKER Janet -TREASURY; Gadi Mayman; Ken Kandeepan; Mike Manning; Ronald Kwan
Subject:	RE: EXTERNAL – Final Term Sheet - Provincial Protection Agreement
Date:	Wednesday, September 27, 2017 11:47:17 AM

Hi John,

Correct, the version from September 18 remains the most current.

It was approved with no changes by TB/MBC on Monday and referred to Cabinet for approval today. We should know the outcome of the Cabinet discussion this afternoon.

Thanks, Anna

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: Wednesday, September 27, 2017 11:37 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: FW: EXTERNAL – Final Term Sheet - Provincial Protection Agreement

Anna:

I believe the final term sheet has been circulate to Province committee/TB yesterday for approval/review yesterday.
Can you confirm that there has been no further changes as a result of that meeting and the version we have from Monday the 18th is still the "final"

We have been asked to provide a copy to our Oversight committee and I wanted to make sure that the 18th is the "final"

Thanks

John

From: WONG Leslie -LAWDIV
Sent: Wednesday, September 27, 2017 10:16 AM
To: LEE John -TREASURY <john.s.lee@opg.com>
Subject: FW: EXTERNAL – Final Term Sheet - Provincial Protection Agreement

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: Monday, September 18, 2017 9:46 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; 'Ramchandani, Rima' <rramchandani@torys.com>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: EXTERNAL – Final Term Sheet - Provincial Protection Agreement

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Good evening,

Please find attached, the final term sheet for the Provincial Protection Agreement (clean and black-lined). You'll see the attached reflects today's decision to square bracket the word "materially". This version also incorporates minor edits from Tory's sent by Rima on Thursday evening (the addition of "or amends" and the word "electricity").

Thank you,

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

-----Original Appointment-----
From: Anis Hirani
Sent: Friday, September 15, 2017 3:03 PM
To: Anis Hirani; Mike Manning; 'HAHN PARKER Janet -TREASURY'; 'LEE John -TREASURY'; RYFA Ken -TREASURY; Ken Kandeepan; Anna Strathy; WONG Leslie -LAWDIV; John Kim; Ronald Kwan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Cc: Martine Bell; Angie Georgakakos; Rasika Yatawara; Eden Amare
Subject: Provincial Support Agreement - OPG
When: Monday, September 18, 2017 3:00 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).

Where: Boardroom Exec - 1 Dundas Street West, Suite 1400

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From:	WONG Leslie -LAWDIV
To:	Mansoori, Nina; Tobias P. Whitfield (MOF); LEE John -TREASURY
Cc:	RYFA Ken -TREASURY; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS); Malle Hanslep (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG); "STEPHEN.ASHBOURNE@blakes.com"; LADAK Lubna -TREASURY
Subject:	RE: EXTERNAL – RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Wednesday, October 11, 2017 10:59:43 AM

Dear Toby,

Just checking to see if you have had a chance to review our comments and whether the Province had any questions. We expect that the change of law protection agreement will be a topic of discussion at the Thursday morning rate-mitigation meeting and wanted to identify/address any questions from the Province beforehand if possible. Appreciate if you could let us know.

Regards,

Les

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

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Friday, October 06, 2017 5:58 PM
To: 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: EXTERNAL – RE: Fair Hydro -- Change of Law Assumption Agreement

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Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG,

whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.

- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>;

'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term

of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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From:	Whitfield, Tobias P. (MOF)
To:	WONG Leslie -LAWDIV; Mansoori, Nina; LEE John -TREASURY
Cc:	RYFA Ken -TREASURY; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS); Malle Hanslep (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG); "STEPHEN.ASHBOURNE@blakes.com"; LADAK Lubna -TREASURY
Subject:	RE: EXTERNAL – RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Wednesday, October 11, 2017 11:30:27 AM

Les,

We are still reviewing and discussing our response. It is unlikely that we will have a response before tomorrow morning, but will try to respond as soon as we can.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: October 11, 2017 11:00 AM
To: Mansoori, Nina; Whitfield, Tobias P. (MOF); LEE John -TREASURY
Cc: RYFA Ken -TREASURY; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; LADAK Lubna -TREASURY
Subject: RE: EXTERNAL – RE: Fair Hydro -- Change of Law Assumption Agreement

Dear Toby,

Just checking to see if you have had a chance to review our comments and whether the Province had any questions. We expect that the change of law protection agreement will be a topic of discussion at the Thursday morning rate-mitigation meeting and wanted to identify/address any questions from the Province beforehand if possible. Appreciate if you could let us know.

Regards,

Les

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

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Friday, October 06, 2017 5:58 PM
To: 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: EXTERNAL – RE: Fair Hydro -- Change of Law Assumption Agreement

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

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.

- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[na01.safelinks.protection.outlook.com]

TORYS LLP[na01.safelinks.protection.outlook.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by

the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

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From:	Anna Strathy
To:	Ronald Kwan
Subject:	RE: FHP Item may go earlier than 3:20pm
Date:	Monday, September 25, 2017 1:59:03 PM
Attachments:	MOF Briefings_OFHP_Protection Agreement_v11.pptx

Hi Ron, thank you for raising that. The deck was merely meant as a compliment to the TB submission, and was used primarily by the Energy MO for their pre-briefs with TB/MBC members. It was updated by me to reflect changes and edits to the submission. I did not circulate it for input, but rather used everyone's edits to the submission to inform my edits to the deck.

Of course, it may have been better to circulate the two products in tandem. I'm happy to consider that approach going forward.

Version 11 (attached) was the final version.

From: Ronald Kwan
Sent: Monday, September 25, 2017 1:06 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Hi Anna,

On a process question, on the slide deck, I don't think that CEFD had had any input on those slides since a very early version that GBED had circulated In August when they were doing a deck to brief the Minister of Energy. Would you know what the process was for updating the deck subsequently? And would you be able to share the final electronic version in ppt (I have the pdf that was appended to the end of the pdf of the submission you circulated last week).

Thanks,
Ron

From: Anna Strathy
Sent: September-25-17 11:56
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Hi Ron, of course, please see attached.

From: Ronald Kwan
Sent: Monday, September 25, 2017 11:54 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>;

Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Hi Anna,

Thanks.

While it shouldn't come up, CQS had done its own note, provided at the Minister's briefing last week. Could we get a copy of that note too, for completeness of our records on this.

Ron

From: Anna Strathy
Sent: September-25-17 11:48
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Attached is the latest version I've received. I'm confirming with TBS that it's the final version.

From: Ronald Kwan
Sent: Monday, September 25, 2017 11:42 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Hi Anna,

Do we have the final copy of James' Assessment Note?

Thanks,
Ron

From: Anna Strathy
Sent: September-25-17 11:41
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: FHP Item may go earlier than 3:20pm
Importance: High

Per below, FHP item could go as early as 3:05pm. Best to be there before 3:00pm.

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Monday, September 25, 2017 11:29 AM

To: Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Long, Anne-Marie (MOF) <Anne-Marie.Long@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>
Subject: FHP Item may go earlier than 3:20pm
Importance: High

Hi everyone,

TB/MBC today starts at 3:00pm.

The Provincial Protection Agreement (PPA) item is scheduled 3rd at 3:20pm. However, the second item could potentially have a quorum issue, so the PPA could go earlier – 3:05pm.

Please have attendees ready.

James

Provincial Protection and Assurances Agreement

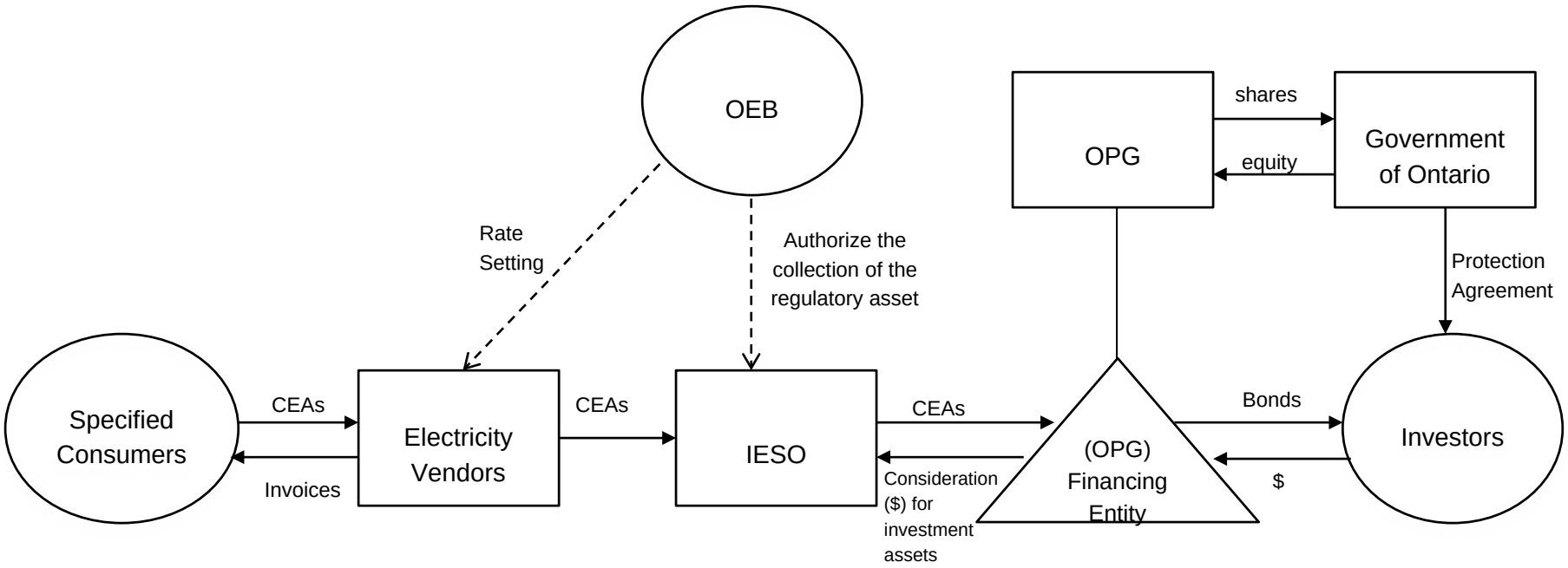
September 20, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Background

- The *Ontario Fair Hydro Plan Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset to recover the balance in the variance account
    - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
    - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
    - The Financing Entity will purchase the regulatory asset, effectively financing the shortfall in current rates not received from ratepayers
- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- OPG has requested that the Province provide a protection agreement that supports the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would take over the funding obligations of the Financing Entity

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provisions Under the Act

- As contemplated under the Act, OPG is requesting a Provincial commitment to support the planned Financing Entity's ability to borrow to finance the deferral of global adjustment amounts in certain limited circumstances
- Under s.5(3) of the OFHP Act,
  - *The LGIC may by order,*
    - *Authorize the Minister (of Energy) and the Minister of Finance, acting together on behalf of the Province,*
      - *To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and*
      - *To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity*
    - *Specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance*
    - *Specify a maximum liability for the guarantee or indemnity*

Provincial Protection Agreement

- OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:
  - Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the *Ontario Fair Hydro Plan Act, 2017*, or new legislation that adversely affect the Financing Entity
  - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
  - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.
- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
  - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access US market as investors in that market will likely require additional compensation if the assumption agreement is triggered

Considerations

- If a protection agreement is not provided, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from the IESO or the cost of the financing will be potentially materially greater than it otherwise would be
- If a protection agreement is provided, the Province takes on a contingent liability
  - The creation of a contingent liability will not currently affect net debt
  - The amount of the contingent liability will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
  - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Proposed Minute

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

a) Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   i. to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and

   ii. to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

From:	Ronald Kwan
To:	Anna Strathy; Ken Kandeepan; Mike Manning
Subject:	RE: FHP Item may go earlier than 3:20pm
Date:	Monday, September 25, 2017 11:54:24 AM

Hi Anna,

Thanks.

While it shouldn't come up, CQS had done its own note, provided at the Minister's briefing last week. Could we get a copy of that note too, for completeness of our records on this.

Ron

From: Anna Strathy
Sent: September-25-17 11:48
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Attached is the latest version I've received. I'm confirming with TBS that it's the final version.

From: Ronald Kwan
Sent: Monday, September 25, 2017 11:42 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Hi Anna,

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Thanks,
Ron

From: Anna Strathy
Sent: September-25-17 11:41
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: FHP Item may go earlier than 3:20pm
Importance: High

Per below, FHP item could go as early as 3:05pm. Best to be there before 3:00pm.

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]

Sent: Monday, September 25, 2017 11:29 AM
To: Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Long, Anne-Marie (MOF) <Anne-Marie.Long@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>
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Please have attendees ready.

James

From:	Anna Strathy
To:	Ronald Kwan; Ken Kandeepan; Mike Manning
Subject:	RE: FHP Item may go earlier than 3:20pm
Date:	Monday, September 25, 2017 11:47:33 AM
Attachments:	4 RAN MOF ENERGY -Provincial Protection Agreement v6.doc

Attached is the latest version I've received. I'm confirming with TBS that it's the final version.

From: Ronald Kwan
Sent: Monday, September 25, 2017 11:42 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Hi Anna,

Do we have the final copy of James' Assessment Note?

Thanks,
Ron

From: Anna Strathy
Sent: September-25-17 11:41
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	TREASURY BOARD / MANAGEMENT BOARD OF CABINET REQUEST ASSESSMENT NOTE	
	Ministry:	Energy & Finance
	Meeting Date:	September 25, 2017
	Agenda Class:	Discussion (In-Camera)
	Last reviewed by: ENERGY TB/MBC May 9, 2017	**Tracking to:** Fast Track Cabinet (September 27, 2017)

SUBMISSION TITLE:	Provincial Protection Agreement (Supports Ontario's Fair Hydro Plan implementation)

I. DECISION BEFORE THE BOARD

Approve the Ministries plan for implementing provisions within the *Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc.

II. RECOMMENDATIONS

Approve the plan for implementing provisions of the *Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc. (OPG).	*Approve*
Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Fair Hydro Plan Act, 2017(FHPA).* – In respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two Ministers acting together may determine	*Authorize*
Recommend that Cabinet approve an Order in Council (OIC), in accordance with section 5 of the *Fair Hydro Plan Act, 2017 (FHPA)* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province, – To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and – To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.	*Recommend*

III. FINANCIAL SUMMARY

$ Millions	**2017-18**	**2018-19**	**2019-20**
Initiative cost requested	0.0	0.0	0.0
Initiative cost recommended	0.0	0.0	0.0
Recommended program base	0.0	0.0	0.0
Offset Recommended	0.0	0.0	0.0

Total Fiscal Impact	0.0	0.0	0.0

IV. KEY COMMENTS AND CONSIDERATIONS

Under the *Fair Hydro Plan Act, 2017*, (FHPA), which enables Global Adjustments (GA) Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected from consumers.

- IESO will incur a cash shortfall, as the amounts collected from the consumers of electricity (collected by local distribution companies) will be reduced, but the amounts paid to the generators of electricity will remain at the market and/or contractual rates.

The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset".

The OFHPA provides for IESO to sell all or a portion of the Regulatory Asset (i.e., to sell the right to recover those deferred amounts from specified consumers in the future). Under the FHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the FHPA) will he the right, but not the obligation to purchase the regulatory asset, effectively financing the shortfall generated by the reduction in amounts collected from eligible ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity will borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly the Province) from the capital markets.

OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

- Providing this through Provincial assurance and guarantee provisions was recommended in a May 2017 TB/MBC item reviewing proposed FHPA.

What would trigger the protection agreement?

Ontario Financing Authority (OFA), the Ministry of Finance and external advisors recommend limiting activation of the protection agreement to the following circumstances (Appendix C provides the non-binding term sheet):

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the FHPA/related regulations or new legislation that materially and adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid; and
- A change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province that materially and adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investment interest so that it can pay its funding obligations.

Financial:

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the contingent liability would increase over the duration of Ontario's Fair Hydro Plan (OFHP) and peak at approximately $20B of debt (final cost forecasts TBC), including principal and accumulated interest.

- In the event the protection agreement is triggered, the Province's net debt would be expected to

increase by an amount equal to the contingent liability for the debt outstanding at that point in time.

- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments related to derivatives agreements and for service providers that the Province will be required to make. The fiscal impact of the increased interest payments will depend on the circumstances of the change (e.g. will the amounts continue to be recovered from the ratepayers through the clean energy adjustment as provided for under the FHPA).

Financial (Risk) – In the event the protection agreement is triggered:

The Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements (e.g. the Financing Entity might enter into interest rate swap agreements to hedge the interest rate payable on its issued debt) and to service providers.

- The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period.

This would likely have implications for the Province's fiscal plan and appropriation requirements.

- The Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time, and the Province may incur an expense equal to the amount of the debt.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. The worst case scenario would be the Province assuming the debt at its peak at which point interest on debt (IOD) expense could increase between $0.8B and $1.3B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.
- In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged. In addition, the Province would have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required and may require a change in legislation.

The Ministries indicate that if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (IOD expense) will depend on whether or not some portions of the OFHPA continue in some form, or not.

- For example, if the payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments, albeit not necessarily in the same fiscal period; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense as well as any continued impact of reduced electricity rates would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used.

- Debt incurred to benefit the ratepayer could become the responsibility of the taxpayer.

TBS staff note the protection agreement, assuming the Board proceeds with the request, would be approved prior to the commercial agreements being finalized. Also from an accounting perspective, previously provided opinions/memos from KPMG re: IESO and EY re: OPG have yet to be updated.

Implementation
The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the two Ministers seeking the OIC in the form attached to the final TB/MBC Submission.

The Minister of Finance will also be requested to approve under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

MOF Legal indicates the intention is that the protection agreement signed by the two Ministers would apply to all subsequent agreements entered into by the Financing Entity subject to compliance with the terms and conditions set out in the protection agreement. A section 28 approval of the protection agreement should cover these subsequent agreements. This may change as the protection agreement and the terms and conditions of the process have not been determined by the Ministers.

Name of analyst:	James Strang	**Phone number:**	416-325-2071
Date:	September 21, 2017	**Log number:**	
Branch / Division:	GGPR / PEMD / Treasury Board Secretariat		

APPENDIX A: PROPOSED MINUTE

Approve the Ministries plan for implementing provisions of the *Fair Hydro Plan Act, 2017 (FHPA)* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc.

In this regard,

i) Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out non-binding term sheet – Provincial Protection and Assurances Indicative Term Sheet included in the TB/MBC Submission, and subject to such revisions that the two ministers acting together may determine.

ii) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the FHPA, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   a) To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
   b) To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

iii) Direct the Ministry of Energy to report back to TB/MBC with final accounting/ legal/financial risk opinions.

APPENDIX B: FINANCIAL TABLES

FINANCIAL IMPACTS: CHANGES TO EXPENSE AND REVENUE					TABLE B1
		Fiscal Plan Basis			*Appropriations Basis*
$ Millions		**2017-18**	**2018-19**	**2019-20**	**2017-18**
Initiative cost recommended					
Expense changes:					
	Oper				
Expense Offset:					
	Oper				
Total Fiscal Impact		0.0000	0.0000	0.0000	**0.0000**

APPENDIX C: EXCERPT FROM *FAIR HYDRO PLAN ACT, 2017*

Protection and assurances

Prohibition

5 (1) No action or omission by the Board, the Minister or the Crown shall be effective to reduce, impair, postpone or terminate the obligations of specified consumers to pay amounts in respect of the clean energy adjustment or to impair or postpone the invoicing, collection or remittance of the clean energy adjustment.

Agreements

(2) The Minister and the Minister of Finance may together, with the approval of the Lieutenant Governor in Council, enter into agreements on behalf of the Province of Ontario with any person in respect of this Act, including agreements regarding the performance of the IESO or electricity vendors under this Act or related transactions.

Guarantee, indemnification

(3) The Lieutenant Governor in Council may by order,

(a) authorize the Minister and the Minister of Finance, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity;

(b) specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance; and

(c) specify a maximum liability for the guarantee or indemnity.

APPENDIX D: NON-BINDING TERM SHEET

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends the Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*);

	(5) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that [materially][1] and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][2] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that [materially][3] and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity.

[1] Under consideration to assess the marketability implications of materiality threshold.

[2] Under consideration to assess the marketability implications of this phrase.

[3] See footnote 1, above.

Optional Assumption:	At any time following the occurrence of a Protection Event, the Obligor shall be entitled (but not obligated) to assume the Financing Entity's obligations in respect of Specified Claims as obligor and debtor. The Financing Entity (including through the Financial Services Manager) will ensure that Specified Claims permit such an assumption by the Obligor without any penalty or make-whole payment (or, in the case of any contract for the provision of on-going services to the Financing Entity, the satisfaction and termination of the Specified Claims without any acceleration of future fees, profits or other like amounts), or any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

APPENDIX F: RISK UPDATE

The current submission, Provincial Protection Agreement, is reflected under the risk "Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding" as part of risk mitigating strategy.

Risk	Level of Risk	Risk Response
Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** 12 to 24 months **Rationale** • The proposed borrowing structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on the interest rate for borrowing, the amount of equity / funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • There is a risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's own ratings and cost of borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B (in the March 1, 2017 Cabinet Submission) is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the province to offset a part of the scheduled increases. • Fiscal impacts will be subject to fluctuations in Ontario electricity demand, GA and interests rates in the medium-to long term. As well as if a protection agreement is called upon: o OPG, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.	Risk can be mitigated by: • Providing a "provincial guarantee" for the cost of borrowing. • Drafting legislation to provide assurance to OPG and investors regarding the permanence of the GA refinancing framework and the authority of the legislation to pass the legislation; and enable the Province to guarantee borrowing of the trust in the event of a market disruption. • Specifics of a guarantee are dependent on the negotiation of agreements not yet initiated. Limiting triggers of a protection agreement to legislative (regulatory) changes and/or judicial decisions etc. • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost.

From: Ken Kandeepan
To: Anna Strathy; Mike Manning; Ronald Kwan
Subject: RE: FHP Item may go earlier than 3:20pm
Date: Monday, September 25, 2017 11:41:54 AM

Thanks will aim to be there at 2.45

From: Anna Strathy
Sent: Monday, September 25, 2017 11:41 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
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Please have attendees ready.

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From:	Ronald Kwan
To:	Anna Strathy; Ken Kandeepan; Mike Manning
Subject:	RE: FHP Item may go earlier than 3:20pm
Date:	Monday, September 25, 2017 11:41:53 AM

Hi Anna,

Do we have the final copy of James' Assessment Note?

Thanks,
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From:	Ronald Kwan
To:	Anna Strathy; Ken Kandeepan; Mike Manning
Subject:	RE: FHP Item may go earlier than 3:20pm
Date:	Monday, September 25, 2017 1:39:30 PM

Thanks Anna.

Ron

From: Anna Strathy
Sent: September-25-17 13:39
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Hi Ron, I just got off the phone with James.

Looks like James will start off with his presentation. The Minister of Energy may want to add remarks when James is done, but more likely the Minister may just open it up to questions. The Minister, his CoS and Steen will be seated at the table, with Steen expected to answer any high level policy questions. OFA will be seated behind them, against the wall, to answer any more technical questions.

Let me know if there are any other questions.

From: Ronald Kwan
Sent: Monday, September 25, 2017 12:06 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Thanks Anna. Who will be expected to speak to this? In past TBs, the submitting Ministry has spoken to the submission, such as the Minister – though, at times, the TBS analyst might also do much of the talking, if so agreed to, with the submitting ministry there to provide statements in support or respond to questions.

Has there been any discussion on that choreography between TBS, Energy and Finance/OFA?

Ron

From: Anna Strathy
Sent: September-25-17 11:58
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

And just to close the loop – I'm told that OFA and Energy staff will be invited into the TB Boardroom for this "in camera" item. The Minister of Energy, his CoS and Steen Hume will be in attendance.

From: Ronald Kwan
Sent: Monday, September 25, 2017 11:54 AM
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Subject: RE: FHP Item may go earlier than 3:20pm

Hi Anna,

Thanks.

While it shouldn't come up, CQS had done its own note, provided at the Minister's briefing last week. Could we get a copy of that note too, for completeness of our records on this.

Ron

From: Anna Strathy
Sent: September-25-17 11:48
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Attached is the latest version I've received. I'm confirming with TBS that it's the final version.

From: Ronald Kwan
Sent: Monday, September 25, 2017 11:42 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

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Sent: September-25-17 11:41
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>

Subject: FW: FHP Item may go earlier than 3:20pm
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Importance: High

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Please have attendees ready.

James

From:	Anna Strathy
To:	Ronald Kwan; Ken Kandeepan; Mike Manning
Subject:	RE: FHP Item may go earlier than 3:20pm
Date:	Monday, September 25, 2017 1:38:47 PM

Hi Ron, I just got off the phone with James.

Looks like James will start off with his presentation. The Minister of Energy may want to add remarks when James is done, but more likely the Minister may just open it up to questions. The Minister, his CoS and Steen will be seated at the table, with Steen expected to answer any high level policy questions. OFA will be seated behind them, against the wall, to answer any more technical questions.

Let me know if there are any other questions.

From: Ronald Kwan
Sent: Monday, September 25, 2017 12:06 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Thanks Anna. Who will be expected to speak to this? In past TBs, the submitting Ministry has spoken to the submission, such as the Minister – though, at times, the TBS analyst might also do much of the talking, if so agreed to, with the submitting ministry there to provide statements in support or respond to questions.

Has there been any discussion on that choreography between TBS, Energy and Finance/OFA?

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From:	Ronald Kwan
To:	Anna Strathy
Subject:	RE: FHP Item may go earlier than 3:20pm
Date:	Monday, September 25, 2017 1:11:00 PM

Hi,

I do have the v11 version you sent out last Wednesday.

Ron

From: Ronald Kwan
Sent: September-25-17 13:06
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Hi Anna,

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Date:	Monday, September 25, 2017 12:06:25 PM

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From:	Anna Strathy
To:	Ronald Kwan; Ken Kandeepan; Mike Manning
Subject:	RE: FHP Item may go earlier than 3:20pm
Date:	Monday, September 25, 2017 11:58:26 AM

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From:	Ronald Kwan
To:	Anna Strathy
Subject:	RE: FHP Item may go earlier than 3:20pm
Date:	Monday, September 25, 2017 11:57:25 AM

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Ron

From: Anna Strathy
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From:	Anna Strathy
To:	Ronald Kwan; Ken Kandeepan; Mike Manning
Subject:	RE: FHP Item may go earlier than 3:20pm
Date:	Monday, September 25, 2017 11:56:07 AM
Attachments:	3-CPFB Briefing Note_Provincial Protection Agreement v4.doc

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Provincial Protection and Assurances Agreement
Treasury Board/Management Board of Cabinet (TB/MBC) Submission

ISSUE

To seek Minister's approval of a joint Ministry of Finance and Ministry of Energy TB/MBC submission to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by one or more financing entities established by Ontario Power Generation (OPG) Inc. pursuant to s. 22 of the *Ontario Fair Hydro Plan Act*, *2017*, ("OPG Financing Entities"), that, under certain circumstances as set out in the proposed arrangements the Province would pay when due amounts in respect of the obligations of the Financing Entity.

This item is tracking for TB/MBC on September 25, 2017, with expedited Cabinet ratification requested for September 27, 2017.

KEY POINTS

- On March 2, 2017, the government announced its proposed Ontario's Fair Hydro Plan (OFHP), to lower electricity bills by 25%, on average, for a typical residential consumer, starting in the summer of 2017 and holding increases to the rate of inflation for four years.

- In order to deliver on the hydro rate reduction under the OFHP, the Ministry of Finance (MOF) and Ministry of Energy (MOE) are coming forward with a proposed Provincial Protection Agreement ("protection agreement") that supports the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would take over the funding obligations of the Financing Entity.

- OPG financial advisors have indicated that without provincial protection against legislative, judicial and organizational risks, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers.

- The protection agreement would last until all obligations of the Financing Entity that are "guaranteed" under the protection agreement are paid, estimated at 30 years.

- Activation of the protection agreement would be limited to certain triggering events, such as a change in legislation, court decision, organizational change to the Independent Electricity System Operator (IESO) or change in the electricity market that would impede the ability of the Financing Entity to receive payments on its investment interest.

- The protection agreement creates a contingent liability for the Province that would be presented in the Notes to the Consolidated Financial Statements in the Public Accounts of the Province.

- This request is not expected to have a fiscal impact and there is no offset required.
- The Term Sheet, which sets out the parameters of the protection agreement, has been developed in consultation with OPG, OPCD, OFA, MOF Legal and external legal counsel. Details of the Term Sheet can be found in Appendix B.
- Provincial Law would govern the agreement, and investors from the Canadian market place would participate in the debt offering.
- The Minister of Finance's approval under s. 28 of the *Financial Administration Act* is required before MOF and MOE seek an OIC for a protection agreement, to enter into a guarantee or indemnity that would increase the contingent liabilities of the Province. A request is included with this submission for the Minister of Finance's approval under s. 28 of the *Financial Administration Act*.
- At the time of the OFHP announcement in March 2017, the MOE provided a forecast of the immediate reduction of about $2.5 billion per year on average over the first 10 years. MOE will report back to TB/MBC in fall 2017-18 with an update on out-year projections following analysis on rate applications before the Ontario Energy Board.
- MOE, OFA, and MOF Legal have reviewed and provided sign-off on the submission.
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the OPG Financing Entity accesses the U.S. market. It is likely that investors would require additional compensation if the support agreement is triggered.
- Communications under the government's FHPA would continue to be led by MOE.
- This submission is moving forward on a priority basis to the September 25, 2017 TB/MBC meeting to ensure that OPG is able to complete their initial financing for the Trust by calendar year-end.

FISCAL IMPLICATIONS

This request is not expected to have a fiscal impact. No offset is required.

In the event the protection agreement is triggered;

- the contingent liability would become a liability for the Province.
- the Province's net debt will most likely increase by an amount equal to the contingent liability for debt outstanding at that point in time, which could peak at an estimated $20 billion, dependent on a variety of factors.

- the Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due. The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers.

- the Province's IOD expense while difficult to estimate, under the worst case scenario would be the Province assuming the debt at its peak. If so, the IOD expense may increase between $0.8 and $1.0 billion per year depending on the interest rate at which the financing entity will be able to borrow at. Interest on Debt (IOD) would be reported by Treasury Program (OFA) and consolidated under MOF in Volume 1 of the Public Accounts.

- Debt incurred to the benefit of the ratepayer becomes the responsibility of the taxpayer.

KEY RISKS

Should the protection agreement not be approved, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from the Independent Electricity System Operator (IESO) or the cost of financing will be potentially materially greater than it otherwise would be.

If the protection agreement is provided, the Province takes on a contingent liability. The amount of liability would increase over the duration of the OFHP and could peak at an estimated $20 billion of debt, dependent on a variety of factors including principal and accumulated interest.

Should the protection agreement be triggered, and the Province becomes responsible for the obligation to service and pay down the debt. The magnitude of the fiscal impact (IOD expense) will depend on whether or not some portions of the OFHPA continue in some form or not, and the incremental IOD expense would impact the government's fiscal plan.

Communications would be managed through MOE with a low profile approach that includes on a need to know basis, and support as needed.

BACKGROUND

As part of the OFHP, it was announced that a portion of the Global Adjustment (GA) would be refinanced in order to fairly allocate costs across present and future generations of electricity consumers with respect to investments made to decarbonize and modernize Ontario's electricity system. This would be achieved by spreading the cost of electricity investments so that they are shared proportionately by future consumers who cause a need for, or benefit from, the province's multi-billion dollar investments in electricity

infrastructure. To this end, immediate rate relief to eligible ratepayers is provided by deferring and spreading the cost recovery of electricity investments over a longer period of time.

Under the OFHPA, which enables the GA Refinancing, the IESO will have a funding gap resulting from the reduction in amounts collected over four years. The legislation enables IESO to record the under-collection of GA in a variance account and deems this under-collected amount to be a “Regulatory Asset”. The OFHPA provides for the IESO to sell all or a portion of the regulatory asset. Under OFHPA a Financing Entity (an entity established or caused to be established by OPG as the Financial Services Manager under the OFHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and indirectly, the Province) from capital markets. OPG has advised that without adequate protection against legislative and judicial risk, the debt would not be financeable.

As a result, OPG through the Ontario Financing Authority is requesting that the Government of Ontario provide a protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

SUBMISSION CONTENTS

MOF Internal Documents:

1. DMO Approval Form
2. Program Area and Legal Approval Form
3. CPFB Briefing Note – Provincial Protection Agreementv3
4. Fast Track to Cabinet Request – Provincial Protection Agreement
5. Slide Deck – MOF Briefings_OFHP Provincial Protection Agreement_v11
6. Minister Section 28 approval for FHP Protection Agreement

TB/MBC Submission:

7. TB20 Application Form – Provincial Protection Agreement Ministry of Energy
8. TB20 Application Form – Provincial Protection Agreement
9. TB20 Submission – Provincial Protection AgreementV10
10. Order in Council – MOF.2017.FairHydroPlanOFA.v1ENG_and_FRE

DUE DILIGENCE

CPFB works with the program, ministry colleagues, and the central agencies to review submission for integrity, completeness, accuracy of information and consistency with government/ministry directives, policies and procedures. Information in this submission is reflective of and consistent with prior committee decisions, budget announcements, and government/ministry priorities.

RECOMMENDATION

Minister's approval of a joint Ministry of Finance and Ministry of Energy TB/MBC submission to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by one or more financing entities established by Ontario Power Generation (OPG) Inc. pursuant to s. 22 of the *Ontario Fair Hydro Plan Act*, *2017*, that, under certain circumstances as set out in the proposed arrangements the Province would pay when due amounts in respect of the obligations of the Financing Entity.

APPENDICES

Appendix A: Proposed Minute
Appendix B: Term Sheet

PREPARED BY/PHONE: ANTHONY REISS, 905-433-5927
APPROVED BY/PHONE: LINDA GIBNEY, 905-433-5637
BRANCH: CORPORATE PLANNING & FINANCE BRANCH
DATE: September 20, 2017

Appendix A: Proposed Minute

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

i. Approve that the Minister of Finance and Minister of Energy, provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act*, *2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two Ministers acting together may determine;

ii. Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

    a. to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and
    b. to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

Appendix B: Term Sheet

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends the Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in

	Part III of the *Legislation Act, 2006*); (5) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that [materially][1] and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][2] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that [materially][3] and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity.

[1] Under consideration to assess the marketability implications of materiality threshold.
[2] Under consideration to assess the marketability implications of this phrase.
[3] See footnote 1, above.

Optional Assumption:	At any time following the occurrence of a Protection Event, the Obligor shall be entitled (but not obligated) to assume the Financing Entity's obligations in respect of Specified Claims as obligor and debtor. The Financing Entity (including through the Financial Services Manager) will ensure that Specified Claims permit such an assumption by the Obligor without any penalty or make-whole payment (or, in the case of any contract for the provision of on-going services to the Financing Entity, the satisfaction and termination of the Specified Claims without any acceleration of future fees, profits or other like amounts), or any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

From:	Ronald Kwan
To:	Anna Strathy
Subject:	RE: FHP Item may go earlier than 3:20pm
Date:	Monday, September 25, 2017 1:59:32 PM

Thanks Anna.

Ron

From: Anna Strathy
Sent: September-25-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Hi Ron, thank you for raising that. The deck was merely meant as a compliment to the TB submission, and was used primarily by the Energy MO for their pre-briefs with TB/MBC members. It was updated by me to reflect changes and edits to the submission. I did not circulate it for input, but rather used everyone's edits to the submission to inform my edits to the deck.

Of course, it may have been better to circulate the two products in tandem. I'm happy to consider that approach going forward.

Version 11 (attached) was the final version.

From: Ronald Kwan
Sent: Monday, September 25, 2017 1:06 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Hi Anna,

On a process question, on the slide deck, I don't think that CEFD had had any input on those slides since a very early version that GBED had circulated In August when they were doing a deck to brief the Minister of Energy. Would you know what the process was for updating the deck subsequently? And would you be able to share the final electronic version in ppt (I have the pdf that was appended to the end of the pdf of the submission you circulated last week).

Thanks,
Ron

From: Anna Strathy
Sent: September-25-17 11:56
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>;

Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Hi Ron, of course, please see attached.

From: Ronald Kwan
Sent: Monday, September 25, 2017 11:54 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Hi Anna,

Thanks.

While it shouldn't come up, CQS had done its own note, provided at the Minister's briefing last week. Could we get a copy of that note too, for completeness of our records on this.

Ron

From: Anna Strathy
Sent: September-25-17 11:48
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Attached is the latest version I've received. I'm confirming with TBS that it's the final version.

From: Ronald Kwan
Sent: Monday, September 25, 2017 11:42 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: FHP Item may go earlier than 3:20pm

Hi Anna,

Do we have the final copy of James' Assessment Note?

Thanks,
Ron

From: Anna Strathy
Sent: September-25-17 11:41
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>;

Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: FHP Item may go earlier than 3:20pm
Importance: High

Per below, FHP item could go as early as 3:05pm. Best to be there before 3:00pm.

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Monday, September 25, 2017 11:29 AM
To: Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Long, Anne-Marie (MOF) <Anne-Marie.Long@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>
Subject: FHP Item may go earlier than 3:20pm
Importance: High

Hi everyone,

TB/MBC today starts at 3:00pm.

The Provincial Protection Agreement (PPA) item is scheduled 3rd at 3:20pm. However, the second item could potentially have a quorum issue, so the PPA could go earlier – 3:05pm.

Please have attendees ready.

James

From: Mike Manning
To: Gadi Mayman
Cc: Ken Kandeepan; Ronald Kwan; Anna Strathy
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Date: Tuesday, December 12, 2017 3:38:27 PM

I think meeting was very successful, only outstanding is material effect and waiting for accounting feedback.

Mike

From: Gadi Mayman
Sent: Tuesday, December 12, 2017 3:37 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fwd: Fair Hydro - Change of Law Protection Agreement

Hi Mike, am I reading too much into assuming that the 2:30 meeting was successful?

Begin forwarded message:

> **From:** "Ramchandani, Rima" <rramchandani@torys.com>
> **Date:** December 12, 2017 at 3:28:33 PM EST
> **To:** "'ASHBOURNE, STEPHEN'" <STEPHEN.ASHBOURNE@blakes.com>, "Milligan, Peter" <PMilligan@osler.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "Mansoori, Nina" <nmansoori@torys.com>
> **Cc:** 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>, 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>, 'Anna Strathy' <Anna.Strathy@ofina.on.ca>, "'Veinot, Cindy (TBS)'" <Cindy.Veinot@ontario.ca>, "'McKinlay, Tom (MAG)'" <Tom.McKinlay@ontario.ca>, "'Donaldson, Mark (TBS)'" <Mark.Donaldson@ontario.ca>, "'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'" <Daniel.Cayley@ontario.ca>, "'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'" <Alena.Thouin@ontario.ca>, "'LEE John -TREASURY'" <john.s.lee@opg.com>, 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>, 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>, "'MAUTI John -FIN & C CTRL'" <john.mauti@opg.com>, 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, "'WONG Leslie -LAWDIV'" <leslie.wong@opg.com>, "Fullerton, Rick" <RFullerton@osler.com>, "'Mayman, Gadi (OFA)'" <Gadi.Mayman@ofina.on.ca>, "'Manning, Mike (OFA)'" <Mike.Manning@ofina.on.ca>, "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>, "'ian.benaiah@rbccm.com'" <ian.benaiah@rbccm.com>, "'Khan, Nur (nur.khan@rbccm.com)'" <nur.khan@rbccm.com>, "'brent.r.taylor@rbccm.com'"

<brent.r.taylor@rbccm.com>, "'katrina.niehaus@gs.com'" <katrina.niehaus@gs.com>, "'brian.delaney@gs.com'" <brian.delaney@gs.com>, "'Maciel, Andrew'" <Andrew.Maciel@cibc.com>, "'Adalja, Sunil'" <Sunil.Adalja@cibc.com>, "'Persad, Nicole'" <Nicole.Persad@cibc.com>, "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>, "'Steen Hume (CAB)'" <Steen.Hume@ontario.ca>, "Olusoga, Yinka" <yolusoga@torys.com>, "Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)" <Tobias.Whitfield@ontario.ca>, "PALMER, AARON" <AARON.PALMER@blakes.com>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Attached is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the Blakes draft circulated below. Except for the definition of "Material Effect", we believe this draft to be in final form and would ask that each of Blakes and Osler please confirm their sign off as soon as possible.

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-12-17 2:09 PM
To: Milligan, Peter <PMilligan@osler.com>; Saulnier, Brett <bsaulnier@torys.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets'

<Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Here is my mark-up of the matters raised by Oslers, in today's mark-ups of during our call this morning. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Tuesday, December 12, 2017 1:43 PM
To: Saulnier, Brett; ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Further to our call this morning, attached is a comparison document showing our comments on "Post-Suspension Refinancing" and "Protection Event".

We will comment on Material Effect after we see what comes back from the accountants.

Peter

From: Milligan, Peter
Sent: Tuesday, December 12, 2017 9:09 AM
To: 'Saulnier, Brett' <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>;

'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.

Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER

Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY'

<john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM

To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

From: ASHBOURNE, STEPHEN
To: Gadi Mayman; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan
Cc: Anna Strathy
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Date: Tuesday, December 12, 2017 9:25:15 AM

Yes

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com

Dir: 416-863-3086

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9

Tel: 416-863-2400 Fax: 416-863-2653

https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=mqJ-LeXDjhmcKh4vEh4DVg7yiZZ0GCeBrTV8NyCvmgA&s=gXyvx7rVX3RqfDBgtsShl_lgXklQ2FN46tH2qnG6Ezo&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=mqJ-LeXDjhmcKh4vEh4DVg7yiZZ0GCeBrTV8NyCvmgA&s=_psIIjtHTuleSk2t0s6PeyHHqnmpiQg9FARJuKQ1T64&e= | https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=mqJ-LeXDjhmcKh4vEh4DVg7yiZZ0GCeBrTV8NyCvmgA&s=AYvLQyThdTeKtnd9yp8hRD50-QRVaZcI8lXxKdETS-k&e=

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents

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-----Original Message-----

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]

Sent: Tuesday, December 12, 2017 9:24 AM

To: ASHBOURNE, STEPHEN; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan

Cc: Anna Strathy

Subject: Fwd: Fair Hydro - Change of Law Protection Agreement

Are these proposed changes in line with what was agreed to last night, or is this beyond the spirit of the agreement?

Begin forwarded message:

From: "Milligan, Peter" <PMilligan@osler.com<mailto:PMilligan@osler.com>>

Date: December 12, 2017 at 9:09:28 AM EST

To: "Saulnier, Brett" <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>, "Sebastiano, Rocco" <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>, "Mansoori, Nina" <nmansoori@torys.com<mailto:nmansoori@torys.com>>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>, 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>, 'Anna Strathy' <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>, '"Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>, '"McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>, '"Donaldson, Mark (TBS)" <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>, '"Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)" <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>, '"Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)" <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>, "Ramchandani, Rima" <rramchandani@torys.com<mailto:rramchandani@torys.com>>, 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>, 'RYFA Ken -TREASURY' <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>, 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>, 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com<mailto:john.mauti@opg.com>>, 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com<mailto:may.lapira@opg.com>>, "Feldman, Michael" <mfeldman@torys.com<mailto:mfeldman@torys.com>>, 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>, "Fullerton, Rick" <RFullerton@osler.com<mailto:RFullerton@osler.com>>, '"Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>, '"Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>, "'Hanslep, Malle (MOF)" <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>, '"ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>" <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>, '"Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)" <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>, '"brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>" <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>, '"katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>" <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>, '"brian.delaney@gs.com<mailto:brian.delaney@gs.com>" <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>, '"Maciel, Andrew" <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>, '"Adalja, Sunil" <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>, '"Persad, Nicole" <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>, '"Persaud, Donnie - Debt Capital Markets" <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>, '"Steen Hume (CAB)" <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>, "Olusoga, Yinka" <yolusoga@torys.com<mailto:yolusoga@torys.com>>, "Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>)" <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>, "PALMER, AARON" <AARON.PALMER@blakes.com<mailto:AARON.PALMER@blakes.com>>, "VINER, JON" <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>

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Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)' <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)' <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com<mailto:john.mauti@opg.com>>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com>' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; 'Persad, Nicole' <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; PALMER, AARON <AARON.PALMER@blakes.com<mailto:AARON.PALMER@blakes.com>>; VINER, JON <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>

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All,

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Kind regards,

Brett

Brett Saulnier

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: December-08-17 3:16 PM

To: Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>

Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)' <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)' <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com<mailto:john.mauti@opg.com>>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com>' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; 'Persad, Nicole' <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Saulnier, Brett <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; PALMER, AARON <AARON.PALMER@blakes.com<mailto:AARON.PALMER@blakes.com>>; VINER, JON <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne

Partner

stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>

Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]

Sent: Thursday, December 07, 2017 6:44 PM

To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina

Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>'; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>'; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com>'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>); PALMER, AARON; VINER, JON; PRESTAGE, JA

Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

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

From: ASHBOURNE, STEPHEN
To: Thouin, Alena (ENERGY); Malle Hanslep (MOF); Anna Strathy; Ken Kandeepan; Mike Manning; Ronald Kwan
Cc: Tobias P. Whitfield (MOF); Huang, Jackson (MEDG/MRIS)
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Date: Friday, December 08, 2017 1:01:24 PM
Attachments: 23739365-vJK-Change of Law Protection Agreement.DOCX
23239360-vpdf-Change of Law Protection Agreement.PDF

Please see attached. For our discussion in a few minutes.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Friday, December 08, 2017 11:59 AM
To: Hanslep, Malle (MOF); Strathy, Anna (OFA); ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF); Huang, Jackson (MEDG/MRIS)
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi Malle/Anna
We will have someone attend
Tom is on vacation and I'm in meetings which can't be moved. Jackson will attend and relay any items.

Keep us posted.

Sent with BlackBerry Work
(www.blackberry.com)

From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>
Date: Friday, Dec 08, 2017, 11:52 AM
To: Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>, 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>, Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>, Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>, Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>, Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>, McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Perhaps Energy legal could let you know who should be invited on their end. Thanks.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: December 8, 2017 11:50 AM
To: 'ASHBOURNE, STEPHEN'; Hanslep, Malle (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: Whitfield, Tobias P. (MOF)
Subject: RE: Fair Hydro - Change of Law Protection Agreement

I'll send the invite shortly. Is it just for the group on this email?

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, December 08, 2017 11:02 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

That's fine for me, thanks.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, December 08, 2017 10:35 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); Strathy, Anna (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement

Hi all,

We have now received a revised version of the Protection Agreement. Should we schedule a call for about 1pm to go through this draft? I don't think that I will be available before 1pm. Perhaps Anna can arrange the call?

Thanks

Malle

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: December 7, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter
[cid:image001.gif@01D3701B.036B54F0]

Peter Milligan

416.862.6634

DIRECT

416.862.6666

FACSIMILE

pmilligan@osler.com<mailto:pmilligan@osler.com>

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

[cid:image002.gif@01D3701B.036B54F0][osler.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.osler.com_&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFF0C1_eykjn9FiQ&r=E55YDgQdC8HbBuqOnlsuMRVMfI8a3rKXrCOxHVUCzpQ&m=c_iL20oFQm2M4sXFNkQcP14rypv8hgCjFnIYQudpRys&s=CtrHaq6yQIen1U9Zmc3WQEw9XoTd9UwU04z-ueeYxc0&e=>

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; 'Cayley, Daniel (ENERGY)' (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)' <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)' <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <ramchandani@torys.com<mailto:ramchandani@torys.com>>; 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; 'MAUTI John -FIN & C TRL' <john.mauti@opg.com<mailto:john.mauti@opg.com>>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; 'Persad, Nicole' <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Saulnier, Brett <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; PALMER, AARON <AARON.PALMER@blakes.com<mailto:AARON.PALMER@blakes.com>>; VINER, JON <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) will need to mirror the cure language we settle on in the Process Agreement (see my earlier comments). Perhaps the "which continues ..." language in 7.01(B) can be revised to read: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM' THRESHOLD'), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

"Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persaud, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)' <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)' <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <ramchandani@torys.com<mailto:ramchandani@torys.com>>; 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com<mailto:john.mauti@opg.com>>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; 'Persad, Nicole' <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Saulnier, Brett <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
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[Torys LLP][torys.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com_&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=E55YDgQdC8HbBuqOnlsuMRVMfI8a3rKXrCOxHVUCzpQ&m=c_iL20oFQm2M4sXFNkQcP14rypv8hgCjFnIYQudpRys&s=YOM2QJOOJ35Fn-JFy_hF2uaMOSQtU1lOfxBmgel6RoQ&e=>

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor made by the Indenture Trustee or the Province.[1]

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a

[1] Note to Province: The Manager (as distinct from the FSM) may be replaced in certain cases by bondholders. In that case, the Manager would be a third party other than OPG, and this provision will compel the Province to accept the calculations of that third party, absent a "manifest error". Province to advise if this is acceptable in the circumstances (assuming the changes reflected by Blakes).

related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day; provided, however, that if under the terms of an Approved Obligation an amount is stated to be due, a period of time would begin or end, a calculation is to be made or any other action to be taken thereunder shall be stated to be required to be taken, on a day other than a Business Day, any amount payable hereunder that is to be determined by reference to such Approved Obligation shall be determined by reference to such terms.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest

calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding any express terms of such provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**"); and

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount.

v. On the first day on which a payment is required to be made in respect of any Obligations Secured that occurs after the date on which all amounts payable under all Approved Obligations have been paid in full (whether pursuant to Guarantee Payments, payments made pursuant to the payment provisions of the Trust Indenture, any combination thereof or otherwise) (the "**Determination Date**"), the applicable payment provisions of the Trust Indenture shall, notwithstanding any express terms of such

provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:

(A) the Manager shall calculate each of the following amounts as of and by reference to the Determination Date:

(I) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture[2] and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day (such amount, the "**Senior Interest Final Subrogation Amount**");

(II) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust

[2] Methodology to be confirmed.

Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I), above (such amount, the "**Senior Principal Final Subrogation Amount**");

(III) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Subordinate Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) and (II), above (such amount, the "**Subordinated Interest Final Subrogation Amount**");

(IV) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the

date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II) and (III) (such amount, the "**Subordinated Principal Final Subrogation Amount**");

(V) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III) and (IV), above (such amount, the "**Junior Subordinated Interest Final Subrogation Amount**");

(VI) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Junior Subordinated Funding Obligations in accordance with the

applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III), (IV) and (V) (such amount, the "**Junior Subordinated Principal Final Subrogation Amount**"); and

(VII) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III), (IV), (V) and (VI) (such amount, the "**Residual Final Subrogation Amount**" and, together with the Senior Interest Final Subrogation Amount, the Senior Principal Final Subrogation Amount, the Subordinated Interest Final Subrogation Amount, the Subordinated Principal Final Subrogation Amount, the Junior Subordinated Interest Final Subrogation Amount, the Junior Subordinated Principal Final

Subrogation Amount, collectively, the "**Final Subrogation Amounts**"));

(B) as of the Determination Date, the Province shall be entitled to be paid by the Financing Entity, and the Financing Entity shall be obligated to pay the Province in accordance with the applicable payment provisions of the Trust Indenture, the following amounts in the priorities set forth below:

(I) as an amount ranking equally with interest amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Interest Final Subrogation Amount;

(II) as an amount ranking equally with principal amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Principal Final Subrogation Amount;

(III) as an amount ranking equally with interest amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Interest Final Subrogation Amount;

(IV) as an amount ranking equally with principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Principal Final Subrogation Amount;

(V) as an amount ranking equally with interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Junior Subordinated Interest Final Subrogation Amount;

(VI) as an amount ranking equally with principal amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust

Indenture, the Junior Subordinated Principal Final Subrogation Amount; and

(VII) as an amount ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture, the Residual Final Subrogation Amount;

(C) the payment entitlements of the Province described in subclause 2.01(a)v(B) shall, on and after the Determination Date, be treated for all purposes of the Trust Indenture as follows:

(I) the payment entitlements described in sub-subclauses 2.01(a)v(B)(I) and (II) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Senior Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Senior Series Supplemental Indenture]*;

(II) the payment entitlements described in sub-subclauses 2.01(a)v(B)(III) and (IV) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Subordinated Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Subordinated Series Supplemental Indenture]*;

(III) the payment entitlements described in sub-subclauses 2.01(a)v(B)(V) and (VI) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Junior Subordinated Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Junior Subordinated Series Supplemental Indenture]*;

(IV) and the payment entitlements described in sub-subclause 2.01(a)v(B)(VII) shall constitute and be treated as a payment obligation without any additional rights, entitlements, interests or privileges, other than the right to receive payment in accordance with the applicable payment provisions of the Trust Indenture applicable to Obligations Secured ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture; and

(D) no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

vi. On any Guarantee Payment Date and on the Determination Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the Determination Date.

vii. In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), as a payee of each Final Subrogation Amount under clause 2.01(a)v and as a payee of any amounts payable under clause 2.01(a)vi, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit

Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such

security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary

Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation);[3] and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) The following shall be the Adherence Conditions applicable in relation to each Approved Refinancing:

i. such Approved Refinancing when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-2 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee and the Province, on or before the incurrence of the Approved Refinancing (provided that delivery may not be more than 5 Business Days before the incurrence of such Approved Refinancing).[4]

(c) For greater certainty, satisfaction of the Adherence Conditions for a Certified Primary Obligation or an Approved Refinancing shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation or the Approved Refinancing, as applicable.

(d) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, a Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time.

(e) An Approved Refinancing may not be amended, restated, supplemented or otherwise modified without the consent of the Province.

(f) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or an Approved Refinancing.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with clause 4.02(a)ii or in accordance with clause 4.02(b)ii, as the case may be, shall be determinative as to whether the

[3] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-1 to this Agreement and accordingly this language has been deleted from this para (ii) and is reproduced in the form of certificate attached as Exhibit B-1.

[4] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-2 to this Agreement.

applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in clause 4.02(a)ii or clause 4.02(b)ii, as applicable, may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not delivered in accordance with the timing requirements of clause 4.02(a)ii or clause 4.02(b)ii, as applicable, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of clause 4.02(a)ii or clause 4.02(b)ii, as applicable, if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation or the Approved Refinancing.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and

interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[5]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

[5] Explanatory Note: Indenture Trustee representations have been conformed to the MTI and are subject to review and sign off by the Indenture Trustee.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Approved Refinancing, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.[6]

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred or amended on or after the time such Suspension Notice is delivered, other than any Approved Refinancing.

[6] The paragraph that was deleted from Section 7.01 was modified slightly and moved to the form of the Adherence Compliance Certificate set out in Exhibit B-2 as the Adherence Condition for the Refinancing so that it is clear what conditions have to be satisfied for a Refinancing to be an Approved Obligation. As discussed in our meeting with the principals and in response to the DBRS comments, debt issued on a refinancing of protected debt should continue to be protected debt.

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Approved Refinancing.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the latter of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Entitlement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) The rights, entitlements and interests of the Province described under subclause 2.01(a)(v) shall be freely assignable and transferrable without any requirement for notice to or the consent of any of the other parties, subject to any limitations or restrictions as may be prescribed with respect to such an assignment or transfer pursuant to the Trust Indenture.

(c) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 or Exhibit B-2, as applicable, delivered by the FSM in accordance with Section 4.02(a)ii or Section 4.02(b)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Approved Refinancing**" means a Certified Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions set forth in Subsection 4.02(a) had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions set forth in Subsection 4.02(b).

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, including any Refinancing of such a Primary Obligation (for greater certainty, including, in the case of any Certified Primary Obligation permitting funding transactions pursuant to a Funding Obligation Agreement applicable to the Certified Primary Obligation, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate payments by the Financing Entity thereunder during the term of such contract are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above).

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Junior Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Junior Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[7], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

[7] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

[For purposes of determining whether a material and adverse effect has occurred for the foregoing purposes, a public announcement by any Rating Agency that is then rating any Senior Funding Obligation to the effect that, as a result of the circumstances described above by reference to the words "materially and adversely affects" having occurred, such Rating Agency intends to withdraw its rating of such Approved Obligation or intends to reduce its rating of such Approved Obligation by at least two notches, unless a Payment Demand is delivered to the Province in accordance with Subsection 2.01, shall be sufficient evidence to establish the required "materially and adversely" threshold has been reached.] [PROVINCE TO CONFIRM IF SOMETHING LIKE THIS IS USEFUL TO BRIDGE THE MOODY'S GAP, OR WHETHER THIS IS JUST WELCOMING A SLIPPERY SLOPE DISCUSSION]

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[8] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[9]

[8] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

"**Residual Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Senior Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Senior Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

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[9] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B-1
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.

3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: [10]	Name:
Office:	Office:

[10] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT B-2
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(b)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

AND TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with clause 4.02(b)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. The proceeds of the Approved Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations (including any Refinancing) in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, or one or more Approved Refinancings in respect of which the Adherence Conditions in Subsection 4.02(b) of the Change of Law Protection Agreement had been satisfied.
3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of the Certified Primary Obligation subject to repayment using the proceeds of the Approved Refinancing.

DATED as of the [■] day of [■], [■].

_____	_____
Name: [11]	Name:
Office:	Office:

[11] This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than an Approved Refinancing in respect of which the Adherence Conditions set forth in Subsection 4.02(b) have been satisfied.

The Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred or (ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after delivery of this Suspension Notice, other than any Approved Refinancing in respect of which the Adherence Conditions set forth in Subsection 4.02(b) have been satisfied.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE[~~1~~]

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, AS TRUSTEE OF FAIR HYDRO TRUST

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER AND AS MANAGER OF FAIR HYDRO TRUST

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[~~1~~] ~~Explanatory Note: Logistics of closing are under consideration by the Province.~~

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Computershare Trust Company of Canada, in its capacity as trustee (the "**Financing Entity Trustee**") of Fair Hydro Trust, a trust organized under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council 1981/2017 (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Primary Obligations that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred. This Agreement sets out the terms and conditions of such protections and assurances.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the

designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Manager deems to be sufficient.

Each statement delivered by the Manager under Section 2.01(a)i shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and each of the ~~Province~~parties hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Manager ~~agrees to~~shall act diligently in the preparation of each such statement and shall provide the Indenture Trustee and the Province with ~~the~~all supporting computations and calculations used by the Manager to prepare each such statement promptly following a request therefor~~.~~[2] made by the Indenture Trustee or the Province.[1]

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected

[2] ~~This language was reinserted as the guarantee statements required to be delivered by the Manager should be binding on the Province~~[1] Note to Province: The Manager (as distinct from the FSM) may be replaced in certain cases by bondholders. In that case, the Manager would be a third party other than OPG, and this provision will compel the Province to accept the calculations of that third party, absent a "manifest error". Province to advise if this is acceptable in the circumstances (assuming the changes reflected by Blakes).

and exercised under, in accordance with and subject to the limitations set forth in the Trust Indenture as of the date of this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 2.01 or Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province to the extent of the performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee, the Financing Entity, the Financing Entity Trustee, the Manager or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

~~Unless otherwise provided for under the terms of any Approved Obligation, whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.~~Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day; provided, however, that if under the terms of an Approved Obligation an amount is stated to be due, a period of time would begin or end, a calculation is to be made or any other action to be taken thereunder shall be stated to be required to be taken, on a day other than a Business Day, any amount payable hereunder that is to be determined by reference to such Approved Obligation shall be determined by reference to such terms.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No

waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in

accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may deliver a written demand, substantially in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to make payments in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in this Agreement. From and after such delivery of a Payment Demand, the Province shall make the following payments in respect of the Approved Obligations (the "**Limited Guarantee**"), and the Financing Entity shall pay, and the Province shall be entitled to be paid, the Subrogation Entitlements specified below:

i. Not less than 3 Business Days prior to each day when any payment or payments are to be made in respect of one or more Approved Obligations occurring after such delivery of a Payment Demand (each such day, a "**Guarantee Payment Date**"), the Manager shall deliver a written statement setting forth the Aggregate Approved Obligations Amount, if any, in respect of the Approved Obligations that are due and payable on such Guarantee Payment Date, together with a detailed description identifying such

Approved Obligations and the nature and amount of payments due and payable thereunder on the Guarantee Payment Date, the aggregate outstanding amount payable by the Financing Entity under such Approved Obligations as of the date of such written statement, and details regarding any default in performance by any party obligated thereunder.

ii. On each such Guarantee Payment Date, the Province shall deposit the Aggregate Approved Obligations Amount into the Protection Account.

iii. On each such Guarantee Payment Date, the Financing Entity and the Indenture Trustee shall ensure that the amounts on deposit in the Protection Account are applied to pay each Beneficiary to whom an amount is due and payable under an Approved Obligation on the Guarantee Payment Date the Approved Obligation Amount for such Beneficiary in respect of such Approved Obligation on such Guarantee Payment Date; provided that if the amount deposited pursuant to clause 2.01(a)ii is insufficient to pay all such Approved Obligation Amounts in full, the amount on deposit in the Protection Account on the Guarantee Payment Date shall be applied to pay Beneficiaries in the order of priority in which such Approved Obligations are payable under the payment provisions of the Trust Indenture applicable to the making of such payments on the Guarantee Payment Date (each, a "**Beneficiary Payee**" and each payment made to a Beneficiary Payee on a Guarantee Payment Date, a "**Guarantee Payment**").

iv. On any Guarantee Payment Date on which an amount is paid by the Province pursuant to clause 2.01(a)ii, the applicable payment provisions of the Trust Indenture shall, notwithstanding ~~the~~any express terms of such provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:

(A) the amount payable to a Beneficiary Payee in respect of an Approved Obligation from amounts available under such payment provisions on such Guarantee Payment Date shall be reduced by the amount of the Guarantee Payment paid to the Beneficiary Payee pursuant to clause 2.01(a)iii in respect of such Approved Obligation on such Guarantee Payment Date;

(B) the Province shall be paid the amount payable to a Beneficiary Payee in respect of an Approved

Obligation from amounts available to pay the Beneficiary Payee under such payment provisions on the Guarantee Payment Date, determined without regard to the Guarantee Payment paid on such Guarantee Payment Date and the corresponding reduction of the amount owing to the Beneficiary Payee pursuant to subclause 2.01(a)iv(A) (each such amount payable to the Province being a "**Subrogation Amount**"); and

(C) no Beneficiary having a right to be paid an amount in respect of an Approved Obligation, and no other Person entitled under an Obligation Secured, in each case that ranks equal with or subordinate to an Approved Obligation in respect of which a Subrogation Amount is payable to the Province under subclause 2.01(a)iv(B), shall be entitled to make any claim or assert any right in or to the amounts paid or payable to the Province under such subclause (including any right of set-off, offset, reimbursement, contribution or indemnity) and no such Beneficiary or other Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Subrogation Amount;.

v. (D) onOn the first day when anyon which a payment or payments areis required to be made in respect of any Obligations Secured that occurs after the date on which all amounts payable under all Approved Obligations have been paid in full, (whether pursuant to Guarantee Payments or, payments made pursuant to the payment provisions of the Trust Indenture or any combination thereof, the Province shall be entitled to be paid from amounts available to pay Obligations Secured on such day (and thereafter on each subsequent day when any payment or payments are to be made in respect of Obligations Secured, until paid in full), in each case in accordance with, any combination thereof or otherwise) (the "**Determination Date**"), the applicable payment provisions of the Trust Indenture on such day, the following amounts, in each case in the priorities specified below:shall, notwithstanding any express terms of such provisions set forth in the Trust Indenture to the contrary, be applied and operate on the following basis:

(A) the Manager shall calculate each of the following amounts as of and by reference to the Determination Date:

(I) ~~as an amount ranking equally with principal amounts of Senior Funding Obligations,~~ the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including ~~such day~~the Determination Date in respect of Approved Obligations ~~ranking~~that at the time of payment ranked equally with or prior to ~~principal~~interest amounts ~~of~~payable on Senior Funding Obligations~~, plus (y) the sum of amounts determined in respect of~~ in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount ~~is~~was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture[2] and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of all Subrogation Amounts paid to the Province up to and including such day (such amount, the "**Senior Interest Final Subrogation Amount**");

(II) ~~as an amount ranking equally with principal amounts of Subordinated Funding Obligations,~~ the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including ~~such day~~the Determination Date in respect of Approved Obligations ~~ranking~~that at the time of payment ranked equally with or prior to principal amounts ~~of Subordinated~~payable

[2] Methodology to be confirmed.

on Senior Funding Obligations~~, plus (y) the sum of amounts determined in respect of~~ in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount ~~is~~was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the amount determined under (I), above (such amount, the "~~**Subordinated Final Subrogation Amount**~~"); and**Senior Principal Final Subrogation Amount**");

(III) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Subordinate Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid

to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) and (II), above (such amount, the "**Subordinated Interest Final Subrogation Amount**");

(IV) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II) and (III) (such amount, the "**Subordinated Principal Final Subrogation Amount**");

(V) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such

Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount was paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III) and (IV), above (such amount, the "**Junior Subordinated Interest Final Subrogation Amount**");

(VI) the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including the Determination Date in respect of Approved Obligations that at the time of payment ranked equally with or prior to principal amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture at such time, plus (y) an amount determined to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I), (II), (III), (IV) and (V) (such amount, the "**Junior Subordinated**

Principal Final Subrogation Amount"); and

(VII) ~~(III) as an amount ranking equally with principal amounts of Junior Subordinated Obligations,~~ the amount by which (1) the sum of (x) all Guarantee Payments paid by the Province up to and including ~~such day~~the Determination Date in respect of Approved Obligations ~~ranking equally with or prior to principal amounts of Junior Subordinated Funding Obligations, plus (y) the sum of amounts~~, plus (y) an amount determined ~~in respect of~~to reflect interest accruing on each such Guarantee Payment from and including the date of its payment by the Province to but excluding the date a Subrogation Amount is paid to the Province in respect of such Guarantee Payment, as attributed to such Guarantee Payment in accordance with the Trust Indenture and calculated based on the applicable interest rate borne by the Approved Obligation to which such Guarantee Payment related, exceeds (2) the sum of (x) all Subrogation Amounts paid to the Province up to and including such day, plus (y) the sum of the amounts determined under (I) ~~plus (z) the sum of the amounts determined under (II~~, (II), (III), (IV), (V) and (VI) (such amount, the "~~**Junior Subordinated**~~**Residual Final Subrogation Amount**" and, together with the Senior ~~Final Subrogation Amount and the Subordinated~~Interest Final Subrogation Amount, the Senior Principal Final Subrogation Amount, the Subordinated Interest Final Subrogation Amount, the Subordinated Principal Final Subrogation Amount, the Junior Subordinated Interest Final Subrogation Amount, the Junior Subordinated Principal Final Subrogation

Amount, collectively, the "**Final Subrogation Amounts**")[3]);

(B) as of the Determination Date, the Province shall be entitled to be paid by the Financing Entity, and the Financing Entity shall be obligated to pay the Province in accordance with the applicable payment provisions of the Trust Indenture, the following amounts in the priorities set forth below:

(I) as an amount ranking equally with interest amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Interest Final Subrogation Amount;

(II) as an amount ranking equally with principal amounts payable on Senior Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Senior Principal Final Subrogation Amount;

(III) as an amount ranking equally with interest amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Interest Final Subrogation Amount;

(IV) as an amount ranking equally with principal amounts payable on Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Subordinated Principal Final Subrogation Amount;

(V) as an amount ranking equally with interest amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust

[3] ~~Separate definitions were included to facilitate inserting these amounts into Trust Indenture priority of payment provisions.~~

Indenture, the Junior Subordinated Interest Final Subrogation Amount;

(VI) as an amount ranking equally with principal amounts payable on Junior Subordinated Funding Obligations in accordance with the applicable payment provisions of the Trust Indenture, the Junior Subordinated Principal Final Subrogation Amount; and

(VII) as an amount ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture, the Residual Final Subrogation Amount;

(C) the payment entitlements of the Province described in subclause 2.01(a)v(B) shall, on and after the Determination Date, be treated for all purposes of the Trust Indenture as follows:

(I) the payment entitlements described in sub-subclauses 2.01(a)v(B)(I) and (II) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Senior Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Senior Series Supplemental Indenture]*;

(II) the payment entitlements described in sub-subclauses 2.01(a)v(B)(III) and (IV) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Subordinated Funding Obligations issued by the Financing Entity to

the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Subordinated Series Supplemental Indenture]*;

(III) the payment entitlements described in sub-subclauses 2.01(a)v(B)(V) and (VI) shall constitute and be treated as interest and principal obligations, as the context requires, arising under a Series of Notes constituting Junior Subordinated Funding Obligations issued by the Financing Entity to the Province on the Determination Date and conferring upon the Province (and any successor, assignee or transferee of such entitlements), all of the rights, entitlements, interests and privileges of a Holder of such a Series of Notes in accordance with the Trust Indenture, as supplemented by *[Describe applicable Junior Subordinated Series Supplemental Indenture]*;

(IV) and the payment entitlements described in sub-subclause 2.01(a)v(B)(VII) shall constitute and be treated as a payment obligation without any additional rights, entitlements, interests or privileges, other than the right to receive payment in accordance with the applicable payment provisions of the Trust Indenture applicable to Obligations Secured ranking equally with amounts payable on the Obligations Secured having the lowest payment ranking in accordance with the applicable payment provisions of the Trust Indenture; and

(D) ~~(E)~~ no Person entitled under an Obligation Secured that ranks equal with or subordinate to a Final Subrogation Amount shall be entitled to make any claim or assert any right in or to the amounts paid or

payable to the Province in respect of such Final Subrogation Amount and no such Person shall have any right or interest in, to or under the Collateral or any proceeds therefrom in respect of any such Final Subrogation Amount.

vi. ~~v.~~ On any Guarantee Payment Date and on the Determination Date, the Indenture Trustee shall release and pay to the Province free and clear of any Liens any amount remaining on deposit in the Protection Account that has not been applied to pay Guarantee Payments to Beneficiary Payees on the Guarantee Payment Date in accordance with clause 2.01(a)iii or that otherwise remains on deposit in the Protection Account on the Determination Date.

vii. ~~vi.~~ In preparing any payment instructions under the Trust Indenture, the Manager shall reflect the amounts payable under Section 2.01(a).

(b) The Province shall, as a payee of Subrogation Amounts under clause 2.01(a)iv(B), as a payee of each Final Subrogation Amount under clause 2.01(a)~~(iv)(D)~~v and as a payee of any amounts payable under clause 2.01(a)vi, be a "Specified Creditor" under the Trust Indenture and have the benefit of the Collateral thereunder.

(c) For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation and will be limited to the right to receive the Approved Obligation Amounts, if any, for payment to Beneficiary Payees and will be subject to the priorities and to the Province's rights to Subrogation Entitlements, set forth in Section 2.01(a).

(d) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(e) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid by the Province when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation by their terms.

(f) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee (and to the Beneficiaries, to the extent they are permitted to exercise any rights, interests, or elections under and in

accordance with the Trust Indenture) under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits; provided that, for greater certainty, economic loss shall not include any amount in respect of any amount due and payable to a Beneficiary Payee under the Limited Guarantee.

2.02 Intentionally Deleted.

2.03 Absence of Set-off

Subject to applicable law, the Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account in Satisfaction

(a) On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account" for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section **[7.03]** of the Trust Indenture on the basis that it is an Issuer Account.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Financing Entity and the Indenture Trustee shall ensure that all amounts paid by the Province into the Protection Account on a Guarantee Payment Date in respect of an Approved Obligation are applied to pay the amounts due and payable to the Beneficiaries as and to the extent provided for in Section 2.01(a). Upon a payment having been made by or on behalf of the Province into the Protection Account, the amounts so paid shall for all purposes be considered to have been applied to pay

the applicable Beneficiaries as provided for in Section 2.01(a) and thereby reduce the amount due and payable to such Beneficiaries in respect of the applicable Approved Obligations, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid. For greater certainty, the obligations arising in respect of an applicable Approved Obligation shall not be reduced by such payment as the Province shall become entitled to be paid related Subrogation Entitlements and the rights contemplated under Section 2.01(a) and Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer

or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations in accordance with Section 8.01.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (i) the Adherence Conditions applicable thereto have been satisfied at the time the Primary Obligation was incurred, or (ii) the Province, in its sole discretion, designates in writing that it is an Approved Obligation.

4.02 Adherence Conditions

(a) The following shall be the Adherence Conditions applicable in relation to each Certified Primary Obligation:

i. the Certified Primary Obligation when incurred is an Obligation Secured under the Trust Indenture; and

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-1 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee, on or before the incurrence of a Certified Primary Obligation (provided that delivery may not be more than 5 Business Days before the incurrence of the Certified Primary Obligation);[43] and

iii. the Province has not provided a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity.

(b) The following shall be the Adherence Conditions applicable in relation to each Approved Refinancing:

i. such Approved Refinancing when incurred is an Obligation Secured under the Trust Indenture; and

[43] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-1 to this Agreement and accordingly this language has been deleted from this para (ii) and is reproduced in the form of certificate attached as Exhibit B-1.

ii. OPG, as FSM, delivers an Adherence Compliance Certificate in the form attached hereto as Exhibit B-2 signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Indenture Trustee and the Province, on or before the incurrence of the Approved Refinancing (provided that delivery may not be more than 5 Business Days before the incurrence of such Approved Refinancing).[54]

(c) For greater certainty, ~~(y)~~ satisfaction of the Adherence Conditions for a Certified Primary Obligation or ~~a~~an Approved Refinancing shall be deemed satisfaction of the Adherence Conditions in respect of all principal, interest and other amounts owing under the Certified Primary Obligation or the Approved Refinancing, as applicable~~, as such Certified Primary Obligation or Refinancing may be amended, restated, supplemented or otherwise modified from time to time, and (z) there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or a Refinancing~~.

(d) Without limiting any obligations of OPG to the Province arising other than pursuant to this Agreement, a Certified Primary Obligation may be amended, restated, supplemented or otherwise modified from time to time.

(e) An Approved Refinancing may not be amended, restated, supplemented or otherwise modified without the consent of the Province.

(f) For greater certainty, there shall be no Adherence Conditions applicable in relation to a Primary Obligation that is not a Certified Primary Obligation or an Approved Refinancing.

4.03 Evidence of Satisfaction

An Adherence Compliance Certificate delivered in accordance with ~~Section~~clause 4.02(a)ii or in accordance with ~~Section~~clause 4.02(b)ii, as the case may be, shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same. An Adherence Compliance Certificate that purports on its face to be signed by officers specified in ~~Section~~clause 4.02(a)ii or ~~Section~~clause 4.02(b)ii, as applicable, may be relied upon by any addressee without further enquiry or evidence as to the incumbency or signatures of such officers. If an Adherence Compliance Certificate is not

[54] Given the importance of this certificate, the form of the Adherence Compliance Certificate is set out in Exhibit B-2 to this Agreement.

delivered in accordance with the timing requirements of ~~Section~~clause 4.02(a)ii or ~~Section~~clause 4.02(b)ii, as applicable, such certificate may be delivered at a later date, and be effective as if it had been delivered in accordance with the timing requirement of ~~Section~~clause 4.02(a)ii or ~~Section~~clause 4.02(b)ii, as applicable, if at the time such certificate was required to be delivered OPG had delivered to the Province all certifications required by the Province in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation or the Approved Refinancing.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee, the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive the related Subrogation Entitlements, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation to the extent of the payment by the Province in respect of the Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved

Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including Sections **[7.04]** through **[7.11]** and **[8.13]** (Payment Priorities), Section **[7.12]** (Payments Held in Trust), Section **[8.11]** (Control by Controlling Class Creditors), Section **[8.12]** (Limitation on Suits), Section **[8.14]** (Limited Recourse), Article IX (The Indenture Trustee), including all limitations of liability thereunder, Section **[9.14]** (Communications to Specified Creditors) and Section **[16.01]** (No Petition); (ii) consents, requests and authorizes the Issuer and the Indenture Trustee to (x) add the Province to the register of Specified Creditors described in subsection **[13.13(b)]** of the Trust Indenture and (y) disseminate the notice details of the Province to other Specified Creditors for the purposes set out in subsection **[9.14(b)]** of the Trust Indenture, and (iii) confirms that it will execute and deliver, or cause to be executed and delivered, all such further agreements, documents and instruments in connection with this Section 5.01 as the Indenture Trustee may request from time to time for the purpose of giving effect to the terms of this Section 5.01.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary to whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture in the manner and to the extent contemplated in Section **[7.10]** of the Trust Indenture.

5.03 Intentionally Deleted

5.04 Representations and Warranties

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
INDENTURE TRUSTEE MATTERS

6.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

6.02 Not Responsible for Recitals

The recitals contained herein will be taken as the statements of the Province, the Financing Entity and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

6.03 Representations and Covenants of the Indenture Trustee[65]

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement;

(c) this Agreement has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 6.03(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Agreement shall not be affected in any manner whatsoever by reason only of such event.

[65] Explanatory Note: Indenture Trustee representations have been conformed to the MTI and are subject to review and sign off by the Indenture Trustee.

ARTICLE VII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

7.01 Suspension Notice

Upon:

(a) a Program Breach;

(b) a default in the performance, or breach, of any covenants of OPG, as FSM, or OPG, in its corporate capacity, in each case to the Province in connection with its obligations to the Province pursuant to internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to ~~the~~or in respect of any Certified Primary ~~Obligations~~Obligation and the expiration of any applicable cure period;

(c) a representation or warranty made by OPG or a certification made by one or more officers of OPG, in each case whether as FSM or in its corporate capacity, to the Province in connection with its obligations to the Province ~~pursuant to~~and its internal requirements and processes in connection with the provision or adherence of the Limited Guarantee to ~~the~~or in respect of any Certified Primary Obligations, proves to be incorrect in any material respect on the date made and~~, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation~~ the expiration of any applicable cure period; or

(d) the FSM no longer being the Manager or actions having been taken by or on behalf of the Indenture Trustee to remove the FSM as the Manager,

the Province may declare that the Limited Guarantee under this Agreement shall not apply to any Primary Obligations incurred on or after such declaration, other than any Approved Refinancing~~ of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation~~, by delivering a written notice in the form of Exhibit C (a "**Suspension Notice**") to the Indenture Trustee, the FSM and the Financing Entity.[~~7~~6]

7.02 Suspension

If a Suspension Notice has been provided under Section 7.01 (the provision of such notice being a "**Suspension Event**"), the Limited Guarantee shall not apply in respect of: (i) any Primary Obligation incurred or ~~(ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case,~~amended on or after the

[~~7~~6] The paragraph that was deleted from Section 7.01 was modified slightly and moved to the form of the Adherence Compliance Certificate set out in Exhibit B-2 as the Adherence Condition for the Refinancing so that it is clear what conditions have to be satisfied for a Refinancing to be an Approved Obligation. As discussed in our meeting with the principals and in response to the DBRS comments, debt issued on a refinancing of protected debt should continue to be protected debt.

time such Suspension Notice is delivered, other than any Approved Refinancing ~~of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation~~.

7.03 No Impact on Adherence

For greater certainty, the occurrence of a Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event or in respect of any Approved Refinancing ~~of an Approved Obligation in respect of which the Adherence Conditions had previously been satisfied or if such Refinancing is otherwise an Approved Obligation~~.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue until the latter of: (a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee and (b) the date that no amount is or may become due and payable to the Province in respect of any Subrogation Entitlement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: Manager, Corporate Trust
Fax: (416) 981-9777
Email: corporatetrust.toronto@computershare.com

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: General Counsel
Fax: (416) 592-4189

(c) if to the Province:

~~Ministry~~Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

~~Ministry~~Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

With copies to:

Deputy Minister of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Minister of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) The rights, entitlements and interests of the Province described under subclause 2.01(a)(v) shall be freely assignable and transferrable without any requirement for notice to or the consent of any of the other parties, subject to any limitations or restrictions as may be prescribed with respect to such an assignment or transfer pursuant to the Trust Indenture.

(c) ~~(b)~~ Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

8.07 Notice to Rating Agencies

OPG, as FSM, shall deliver prompt written notice to the Rating Agencies of the occurrence of (i) a Protection Event; (ii) receipt of a Suspension Notice delivered by the Province pursuant to Section 7.01; and (iii) an assignment of this Agreement by any party pursuant to Section 8.03.

8.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries derive their benefits hereunder through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture.

8.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM AND AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA, IN ITS CAPACITY AS TRUSTEE OF FAIR HYDRO TRUST, AS ISSUER, BY ONTARIO POWER GENERATION INC., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS MANAGER

By: _____
Name:
Title:
By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration of a funding obligation" in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture.

"**Adherence Compliance Certificate**" means a certificate in the form attached hereto as Exhibit B-1 or Exhibit B-2, as applicable, delivered by the FSM in accordance with Section 4.02(a)ii or Section 4.02(b)ii.

"**Adherence Conditions**", means, in respect of a Certified Primary Obligation, the conditions set out in Section 4.02.

"**Aggregate Approved Obligations Amount**" means, in respect of a Guarantee Payment Date, the aggregate of the Approved Obligation Amounts for such Guarantee Payment Date.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Approved Obligation Amount**" means, for a Beneficiary in respect of an Approved Obligation under which an amount is due and payable on a Guarantee Payment Date:

(a) if no Acceleration has occurred in respect of any Obligation Secured on or before the Guarantee Payment Date, the amount due and payable to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation (for greater certainty, determined on the assumption that there are adequate amounts available under the applicable payment provisions of the Trust Indenture to pay in full all amounts referred to in such payment provisions that are due and payable on the Guarantee Payment Date); and

(b) if an Acceleration has occurred in respect of any Obligations Secured on or before the Guarantee Payment Date, the amount that would be available to be paid to the Beneficiary on such Guarantee Payment Date in respect of the Approved Obligation under the applicable payment provisions of the Trust Indenture, determined on the assumption that the amount available for allocation to Specified Creditors in accordance with such applicable payment provisions of the Trust Indenture in respect of each relevant month during each Reference Period is equal to the estimated Finance Amount determined in respect of such Reference Period for purposes of section 15(1) of the Act (in effect on the date hereof), including section 6.1 of the General Regulation (in effect on the date hereof), divided by the number of months in such Reference Period.

"**Approved Refinancing**" means a Certified Primary Obligation proposed to be incurred on or after the occurrence of a Suspension Event, as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions set forth in Subsection 4.02(a) had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions set forth in Subsection 4.02(b).

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Beneficiary Payee**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Certified Primary Obligations**" means Primary Obligations that are: (i) incurred by or on behalf of the Financing Entity to fund its ownership of an Investment Interest, ~~in which~~including any Refinancing of such a Primary Obligation (for greater certainty, including, in the case ~~the~~of any Certified Primary Obligation ~~therefor shall be the~~permitting funding transactions pursuant to a Funding Obligation Agreement applicable to ~~such Funding~~the Certified Primary Obligation ~~and not~~, each individual borrowing or funding utilization thereunder), (ii) incurred by or on behalf of the Financing Entity upon the Financing Entity entering into a Derivative Agreement, in which case the Certified Primary Obligation therefor shall be the Master Agreement applicable to such Derivative Agreement and not ~~each~~any individual trade confirmation other than a trade confirmation that modifies or purports to override the express terms or conditions of the related Master Agreement, or (iii) incurred by or on behalf of the Financing Entity upon entering into a contract that has a term of more than three (3) years which is not terminable by the Financing Entity giving three (3) years' notice or less and expected (as determined by the Manager, acting reasonably) aggregate ~~minimum~~ payments by the Financing Entity thereunder during the term of such contract ~~is~~are or would be in excess of C$5,000,000 (that, for greater certainty, is not otherwise captured in clauses (i) and (ii) above)~~; provided that "Certified Primary Obligations" shall not include any Refinancing~~.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Determination Date**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture.

"**Executive Officer**" has the meaning ascribed to the term "executive officer" in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

"**Final Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(D).

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the first paragraph of this Agreement until a successor Financing Entity Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and the Declaration of Trust, and thereafter "Financing Entity Trustee" means and includes such Person.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Guarantee Payment**" has the meaning ascribed thereto in Section 2.01(a)iii.

"**Guarantee Payment Date**" has the meaning ascribed thereto in Section 2.01(a)i.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture.

"**Issuer Funding Obligation**" has the meaning ascribed thereto in the Trust Indenture.

"**Junior Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in ~~subclause 2.01(a)iv(D).~~ clause 2.01(a)v.

"**Junior Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(a).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity, as amended, supplemented, restated or otherwise modified from time to time.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Agreement**" means an agreement in the form of a Master Agreement as published by ISDA or any replacement or substitute or functional equivalent of such agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as amended, supplemented, restated or otherwise modified from time to time.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account or Finance Reserve Account; and (ii) any obligation to pay the Financing Entity or on the Financing Entity's direction any remaining amounts in the Collection Account pursuant to the Trust Indenture.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event[87], termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

[87] Explanatory Note: Early amortization events may be included in a supplemental indenture, so retaining that concept makes sense.

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise; or

(b) a court of competent jurisdiction determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured and that has the effect of the Financing Entity not in fact having sufficient funds to pay such Obligations Secured that have become due and payable.

~~For clarity, for purposes of the definition of "Protection Event", the occurrence of an event described in any of clauses (i) to (v) of paragraph (a) or a determination by a court of competent jurisdiction described in paragraph (b) which (x) results, or could reasonably be expected to result, in a rating downgrade or withdrawal of a rating by a Rating Agency, or (y) results in a Rating Agency publicly announcing that it has placed under surveillance or review, with possible negative implications, its rating of any Approved Obligation in effect prior to the occurrence of such event or court determination shall be sufficient~~[For purposes of determining whether a material and adverse effect has occurred for the foregoing purposes, a public announcement by any Rating Agency that is then rating any Senior Funding Obligation to the effect that, as a result of the circumstances described above by reference to the words "materially and adversely affects" having occurred, such Rating Agency intends to withdraw its rating of such Approved Obligation or intends to reduce its rating of such Approved Obligation by at least two notches, unless a Payment Demand is delivered to the Province in accordance with Subsection 2.01, shall be sufficient evidence to establish the required "materially and adversely" threshold~~.~~ has been reached.] [PROVINCE TO CONFIRM IF SOMETHING LIKE THIS IS USEFUL TO BRIDGE THE MOODY'S GAP, OR WHETHER THIS IS JUST WELCOMING A SLIPPERY SLOPE DISCUSSION]

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture, except that the reference to "Issuer Funding Obligation" in the definition of "Rating Agency Condition" in the Trust Indenture shall be replaced with a reference to an Issuer Funding Obligation that is an Approved Obligation.

"**Reference Period**" has the meaning ascribed thereto in the Act.

"**Refinancing**"[98] has the meaning ascribed to the term "refinancing" in the Act as of the date hereof, as more particularly described and given meaning in the General Regulation as of the date hereof.[109]

"**Residual Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Senior Interest Final Subrogation Amount**" has the meaning ascribed thereto in ~~subclause 2.01(a)iv(D).~~ clause 2.01(a)v.

"**Senior Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Subordinated Interest Final Subrogation Amount**" has the meaning ascribed thereto in ~~subclause 2.01(a)iv(D).~~ clause 2.01(a)v.

"**Subordinated Principal Final Subrogation Amount**" has the meaning ascribed thereto in clause 2.01(a)v.

"**Subrogation Entitlement**" means each Subrogation Amount and each Final Subrogation Amount.

"**Subrogation Amount**" has the meaning ascribed thereto in subclause 2.01(a)iv(B).

"**Supplemental Indenture**" has the meaning ascribed in the Trust Indenture.

[98] Explanatory Note: This relates to a refinancing of an existing debt obligation; not an undrawn commitment to fund.

[109] Explanatory Note: The General Regulation provides that debt can be considered a "Refinancing" when incurred within the 6 months prior to the maturity date of a funding obligation. The Act/Regulation's definition doesn't require that "Refinancings" be simultaneous with the repayment of existing Approved Obligations. We have added a certificate mechanic in 7.01 by which there can be certainty when an obligation is incurred that if the obligation is intended to be a refinancing, it will be covered by the guarantee.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture.

"**Suspension Event**" has the meaning ascribed thereto in Section 7.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 7.01.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Pursuant to and in accordance with section 2.01(a) of the Change of the Law Protection Agreement, the Indenture Trustee hereby demands payment from the Province in respect of the Approved Obligations at the times, in the amounts and subject to the requirements specified in the Change of Law Protection Agreement.

DATED as of the [■] day of [■], [■].

BNY TRUST COMPANY OF CANADA

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT B-1
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(a)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province of Ontario, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with ~~section~~clause 4.02(a)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. If the Certified Primary Obligation is a Refinancing, the proceeds of the Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, including one or more other Refinancings in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied.

3. ~~2.~~ OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the Certified Primary Obligation.

DATED as of the [■] day of [■], [■].

Name: ~~11~~10	Name:
Office:	Office:

~~11~~10 This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT B-2
FORM OF ADHERENCE COMPLIANCE CERTIFICATE UNDER SECTION 4.02(b)

TO: **BNY TRUST COMPANY OF CANADA**, in its capacity as Indenture Trustee (the "**Indenture Trustee**") under the Master Trust Indenture dated as of December ●, 2017 between Fair Hydro Trust and the Indenture Trustee (the "**Master Trust Indenture**")

AND TO: Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**")

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust, Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement.

Each of the undersigned, being the ● and ● of OPG acting in its capacity as FSM and holding the offices set forth under their names and signatures below, pursuant to and accordance with ~~section~~clause 4.02(b)ii of the Change of Law Protection Agreement, hereby certifies for and on behalf of OPG, in its capacity as Financial Services Manager, and not in such officer's personal capacity and intending that this certificate may be relied on by the addressees hereof without independent inquiry, that:

1. I have read and understand the provisions of the Change of Law Protection Agreement, the Master Trust Indenture and all other documents and materials necessary to enable me to deliver this certificate.
2. The proceeds of the Approved Refinancing will be used solely for the purpose of repaying one or more Certified Primary Obligations (including any Refinancing) in respect of which the Adherence Conditions in ~~Section~~Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied, or one or more Approved Refinancings in respect of which the Adherence Conditions in ~~section~~Subsection 4.02(b) of the Change of Law Protection Agreement had been satisfied.

3. OPG has delivered to the Province a certificate signed by the Chief Financial Officer and the Treasurer of OPG, or any two Executive Officers of OPG (for clarity, such certificate was provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of the Certified Primary Obligation subject to repayment using the proceeds of the Approved Refinancing.

DATED as of the [■] day of [■], [■].

_____	_____
Name: ~~12~~11	Name:
Office:	Office:

~~12~~11 This certificate must be signed by two officers of OPG being either (i) the Chief Financial Officer and the Treasurer, or (ii) any two Executive Officers (as defined in the Change of Law Protection Agreement) of OPG.

EXHIBIT C
SUSPENSION NOTICE

TO: Ontario Power Generation Inc., in its capacity as Financial Services Manager

AND TO: Fair Hydro Trust

AND TO: Computershare Trust Company of Canada, in its capacity as trustee of Fair Hydro Trust

AND TO: BNY Trust Company of Canada, as Indenture Trustee

Reference is made to the Change of Law Protection Agreement dated [■], 2017 among the Province, Computershare Trust Company of Canada, as trustee of Fair Hydro Trust (the "**Financing Entity**"), Ontario Power Generation Inc., in its capacity as Manager of the Financing Entity and in its capacity as the Financial Services Manager under the *Fair Hydro Plan Act, 2017*, and the Indenture Trustee (the "**Change of Law Protection Agreement**"). Capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Change of Law Protection Agreement. All references in this Suspension Notice to "Articles" or "Sections" refer to Articles or Sections of the Change of Law Protection Agreement.

The Province has a reasonable basis for concluding that an event described in clauses (a) to (d) of Section 7.01 has occurred. Pursuant to Section 7.01, the Province hereby declares that the Limited Guarantee shall not apply in respect of any Primary Obligation incurred or amended on or after the delivery of this Suspension Notice, other than ~~any~~an Approved Refinancing in respect of which the Adherence Conditions ~~had previously~~set forth in Subsection 4.02(b) have been satisfied~~, in accordance with the terms and conditions in Article VII~~.

The Limited Guarantee shall hereby not apply in respect of (i) any Primary Obligation incurred or (ii) any amendment of any Primary Obligation that results in an increase to the principal amount of such Primary Obligation, in each case, on or after delivery of this Suspension Notice, other than any Approved Refinancing~~ of an Approved Obligation~~ in respect of which the Adherence Conditions ~~had previously~~set forth in Subsection 4.02(b) have been satisfied~~ of if such Refinancing is otherwise an Approved Obligation~~.

This Suspension Notice is hereby delivered to the FSM, the Financing Entity and the Indenture Trustee in accordance with Section 8.02 of the Change of Law Protection Agreement.

* * * *

DATED as of the [■] day of [■], [■].

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Document comparison by Workshare Compare on Friday, December 08, 2017 12:58:52 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/24
Description	TOR_2528-#23239360-v24-Change_of_Law_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/25
Description	TOR_2528-#23239360-v25-Change_of_Law_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	222
Deletions	141
Moved from	10
Moved to	10
Style change	0
Format changed	0
Total changes	383

From: Thouin, Alena (ENERGY)
To: Malle Hanslep (MOF); Anna Strathy; "ASHBOURNE, STEPHEN"; Ken Kandeepan; Mike Manning; Ronald Kwan
Cc: Tobias P. Whitfield (MOF); Huang, Jackson (MEDS/MRIS)
Subject: RE: Fair Hydro - Change of Law Protection Agreement
Date: Friday, December 08, 2017 11:59:26 AM

Hi Malle/Anna
We will have someone attend
Tom is on vacation and I'm in meetings which can't be moved. Jackson will attend and relay any items.

Keep us posted.

Sent with BlackBerry Work
(www.blackberry.com)

From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>
Date: Friday, Dec 08, 2017, 11:52 AM
To: Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>, 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>, Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>, Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>, Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>, Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>, McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>
Cc: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Perhaps Energy legal could let you know who should be invited on their end. Thanks.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: December 8, 2017 11:50 AM
To: 'ASHBOURNE, STEPHEN'; Hanslep, Malle (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: Whitfield, Tobias P. (MOF)
Subject: RE: Fair Hydro - Change of Law Protection Agreement

I'll send the invite shortly. Is it just for the group on this email?

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, December 08, 2017 11:02 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

That's fine for me, thanks.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, December 08, 2017 10:35 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); Strathy, Anna (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement

Hi all,

We have now received a revised version of the Protection Agreement. Should we schedule a call for about 1pm to go through this draft? I don't think that I will be available before 1pm. Perhaps Anna can arrange the call?

Thanks

Malle

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: December 7, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter
[cid:image001.gif@01D3701B.036B54F0]

Peter Milligan

416.862.6634

DIRECT

416.862.6666

FACSIMILE

pmilligan@osler.com<mailto:pmilligan@osler.com>

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

[cid:image002.gif@01D3701B.036B54F0][osler.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.osler.com_&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FiiQ&r=E55YDgQdC8HbBuqOnlsuMRVMfI8a3rKXrCOxHVUCzpQ&m=c_iL20oFQm2M4xXFNkQcP14rypv8hgCjFnIYQudpRys&s=CtrHaq6yQEn1U9Zmc3WQEw9XoTd9UwU04z-ueeYxc0&e=>

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)' <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)' <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com<mailto:john.mauti@opg.com>>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; 'Persad, Nicole' <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Saulnier, Brett <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; PALMER, AARON <AARON.PALMER@blakes.com<mailto:AARON.PALMER@blakes.com>>; VINER, JON <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; PRESTAGE, JA <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) will need to mirror the cure language we settle on in the Process Agreement (see my earlier comments). Perhaps the "which continues …" language in 7.01(B) can be revised to read: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINITON:

"Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

_____

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=E55YDgQdC8HbBuqOnlsuMRVMfI8a3rKXrCOxHVUCzpQ&m=c_iL20oFQm2M4sXFNkQcP14rypv8hgCjFnIYQudpRys&s=pKF0pbnU75giJ3qpqidvRq28iPBnmIGEurxmijFgKpc&e=> | Twitter[twitter.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw_&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=E55YDgQdC8HbBuqOnlsuMRVMfI8a3rKXrCOxHVUCzpQ&m=c_iL20oFQm2M4sXFNkQcP14rypv8hgCjFnIYQudpRys&s=fiOgQipjB18UGUOhkF0HCFmj3gkxNGzVRv5oJfED5is&e=> | Unsubscribe[blakes.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=E55YDgQdC8HbBuqOnlsuMRVMfI8a3rKXrCOxHVUCzpQ&m=c_iL20oFQm2M4sXFNkQcP14rypv8hgCjFnIYQudpRys&s=yQRODW46rhSJH7H9A_sNYB90kwaihHhix-oBilqG51M&e=>

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>)' <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>)' <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com<mailto:john.mauti@opg.com>>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Sebastiano, Rocco <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; 'Persad, Nicole' <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Saulnier, Brett <bsaulnier@torys.com<mailto:bsaulnier@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
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Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=E55YDgQdC8HbBuqOnlsuMRVMfI8a3rKXrCOxHVUCzpQ&m=c_iL20oFQm2M4sXFNkQcP14rypv8hgCjFnIYQudpRys&s=zDDLM0t-JvLAswpX5zN6Npo6jnoVCLBQVJ9IomcLBZE&e=>

[Torys LLP][torys.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com_&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=E55YDgQdC8HbBuqOnlsuMRVMfI8a3rKXrCOxHVUCzpQ&m=c_iL20oFQm2M4sXFNkQcP14rypv8hgCjFnIYQudpRys&s=YOM2QJOOJ35Fn-JFy_hF2uaMOSQtU1lOfxBmgeI6RoQ&e=>

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From:	Hanslep, Malle (MOF)
To:	Anna Strathy; "ASHBOURNE, STEPHEN"; Ken Kandeepan; Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Cc:	Tobias P. Whitfield (MOF)
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Friday, December 08, 2017 11:52:33 AM

Perhaps Energy legal could let you know who should be invited on their end. Thanks.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: December 8, 2017 11:50 AM
To: 'ASHBOURNE, STEPHEN'; Hanslep, Malle (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: Whitfield, Tobias P. (MOF)
Subject: RE: Fair Hydro - Change of Law Protection Agreement

I'll send the invite shortly. Is it just for the group on this email?

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, December 08, 2017 11:02 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

That's fine for me, thanks.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, December 08, 2017 10:35 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); Strathy, Anna (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement

Hi all,

We have now received a revised version of the Protection Agreement. Should we schedule a call for about 1pm to go through this draft? I don't think that I will be available before 1pm. Perhaps Anna can arrange the call?

Thanks

Malle

From: Milligan, Peter [mailto:PMilligan@osler.com]

Sent: December 7, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

Peter Milligan

416.862.6634 DIRECT
416.862.6666 FACSIMILE
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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet - TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael

<mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order

to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

"Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -

TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com'

<JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
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From:	Anna Strathy
To:	"ASHBOURNE, STEPHEN"; Malle Hanslep (MOF); Ken Kandeepan; Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Cc:	Tobias P. Whitfield (MOF)
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Friday, December 08, 2017 11:50:26 AM

I'll send the invite shortly. Is it just for the group on this email?

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, December 08, 2017 11:02 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

That's fine for me, thanks.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, December 08, 2017 10:35 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); Strathy, Anna (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement

Hi all,

We have now received a revised version of the Protection Agreement. Should we schedule a call for about 1pm to go through this draft? I don't think that I will be available before 1pm. Perhaps Anna can arrange the call?

Thanks

Malle

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: December 7, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Saulnier, Brett; Olusoga, Yinka;

Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

Peter Milligan

416.862.6634 DIRECT
416.862.6666 FACSIMILE
pmilligan@osler.com

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Toronto, Ontario, Canada M5X 1B8

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>;

'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or

the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal

requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY'

<john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet - TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
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TORYS LLP[torys.com]

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****

From:	ASHBOURNE, STEPHEN
To:	Malle Hanslep (MOF); Ken Kandeepan; Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Anna Strathy
Cc:	Tobias P. Whitfield (MOF)
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Friday, December 08, 2017 11:01:57 AM

That's fine for me, thanks.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, December 08, 2017 10:35 AM
To: ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); Strathy, Anna (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: FW: Fair Hydro - Change of Law Protection Agreement

Hi all,

We have now received a revised version of the Protection Agreement. Should we schedule a call for about 1pm to go through this draft? I don't think that I will be available before 1pm. Perhaps Anna can arrange the call?

Thanks

Malle

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: December 7, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: Kandeepan, Ken (OFA); 'LADAK Lubna -TREASURY'; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie - LAWDIV'; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; Hume, Steen (ENERGY); Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

OSLER

Peter Milligan

416.862.6634 DIRECT
416.862.6666 FACSIMILE
pmilligan@osler.com

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the

Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to "Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

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Regards, Rocco

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Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil'

<Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
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****

From:	Ken Kandeepan
To:	Mike Manning; Gadi Mayman
Cc:	Ronald Kwan; Anna Strathy
Subject:	RE: Fair Hydro - Change of Law Protection Agreement
Date:	Tuesday, December 12, 2017 3:39:46 PM

And I am on that very call right now with OPCD

From: Mike Manning
Sent: Tuesday, December 12, 2017 3:38 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

I think meeting was very successful, only outstanding is material effect and waiting for accounting feedback.

Mike

From: Gadi Mayman
Sent: Tuesday, December 12, 2017 3:37 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fwd: Fair Hydro - Change of Law Protection Agreement

Hi Mike, am I reading too much into assuming that the 2:30 meeting was successful?

Begin forwarded message:

> **From:** "Ramchandani, Rima" <rramchandani@torys.com>
> **Date:** December 12, 2017 at 3:28:33 PM EST
> **To:** "'ASHBOURNE, STEPHEN'" <STEPHEN.ASHBOURNE@blakes.com>, "Milligan, Peter" <PMilligan@osler.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "Mansoori, Nina" <nmansoori@torys.com>
> **Cc:** 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>, 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>, 'Anna Strathy' <Anna.Strathy@ofina.on.ca>, "'Veinot, Cindy (TBS)'" <Cindy.Veinot@ontario.ca>, "'McKinlay, Tom (MAG)'" <Tom.McKinlay@ontario.ca>, "'Donaldson, Mark (TBS)'" <Mark.Donaldson@ontario.ca>, "'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'" <Daniel.Cayley@ontario.ca>, "'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'" <Alena.Thouin@ontario.ca>, "'LEE John -TREASURY'" <john.s.lee@opg.com>, 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>, 'HAHN PARKER Janet -TREASURY'

<j.hahnparker@opg.com>, "'MAUTI John -FIN & C CTRL'" <john.mauti@opg.com>, 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, "'WONG Leslie -LAWDIV'" <leslie.wong@opg.com>, "Fullerton, Rick" <RFullerton@osler.com>, "'Mayman, Gadi (OFA)'" <Gadi.Mayman@ofina.on.ca>, "'Manning, Mike (OFA)'" <Mike.Manning@ofina.on.ca>, "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>, "'ian.benaiah@rbccm.com'" <ian.benaiah@rbccm.com>, "'Khan, Nur (nur.khan@rbccm.com)'" <nur.khan@rbccm.com>, "'brent.r.taylor@rbccm.com'" <brent.r.taylor@rbccm.com>, "'katrina.niehaus@gs.com'" <katrina.niehaus@gs.com>, "'brian.delaney@gs.com'" <brian.delaney@gs.com>, "'Maciel, Andrew'" <Andrew.Maciel@cibc.com>, "'Adalja, Sunil'" <Sunil.Adalja@cibc.com>, "'Persad, Nicole'" <Nicole.Persad@cibc.com>, "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>, "'Steen Hume (CAB)'" <Steen.Hume@ontario.ca>, "Olusoga, Yinka" <yolusoga@torys.com>, "Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)" <Tobias.Whitfield@ontario.ca>, "PALMER, AARON" <AARON.PALMER@blakes.com>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Attached is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the Blakes draft circulated below. Except for the definition of "Material Effect", we believe this draft to be in final form and would ask that each of Blakes and Osler please confirm their sign off as soon as possible.

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-12-17 2:09 PM
To: Milligan, Peter <PMilligan@osler.com>; Saulnier, Brett <bsaulnier@torys.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV'

<leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Here is my mark-up of the matters raised by Oslers, in today's mark-ups of during our call this morning. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Tuesday, December 12, 2017 1:43 PM
To: Saulnier, Brett; ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Further to our call this morning, attached is a comparison document showing our comments on "Post-Suspension Refinancing" and "Protection Event".

We will comment on Material Effect after we see what comes back from the accountants.

Peter

From: Milligan, Peter
Sent: Tuesday, December 12, 2017 9:09 AM
To: 'Saulnier, Brett' <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.

Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina

<nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM

To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have'

points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

From: Anna Strathy
To: Ronald Kwan; Ken Kandeepan; Mike Manning
Cc: Usman Zahid
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement
Date: Wednesday, October 25, 2017 2:59:46 PM
Attachments: 12917730-v1-Questions (Adherence Conditions).docx

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Hi Ron, Ken, Mike,

Toby has asked me to set up a meeting to discuss the attached discussion document drafted by Stephen Ashbourne. Toby and Malle have a preference for tomorrow morning, but I wanted to choose a time that would be convenient for all three of you. Any preferences for tomorrow morning/afternoon or Friday?

Thanks, Anna

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, October 25, 2017 1:05 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Anna – can you please set up a meeting to discuss the Agreement and the questions we circulated yesterday?

It would be helpful if we can make sure that decision makers are there and able to give some direction. Maybe it is worthwhile canvassing Gadi, Mike and Ken about whether they will be able to attend/who should attend in order to be able to give direction on our response/next steps.

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: October 24, 2017 1:00 PM
To: Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Veinot, Cindy (TBS); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Gavaris, Hresa (OFA); John Psinas
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Further to OPG's response to our proposals, please find attached a discussion document drafted by our outside legal counsel Stephen Ashbourne and based on discussions amongst our Provincial legal

teams.

This document sets out a number of questions that we need to consider and answer in order to respond to OPG with the Province's position.

A meeting amongst this group would be useful to discuss these issues and to inform a response to OPG.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
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tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 18, 2017 9:53 AM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM

To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that

the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com

TORYS LLP

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and

as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible

Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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Confidential legal advice subject to solicitor-client privilege

October 23, 2017

Questions for MOE and OFA to consider regarding OPG's Proposed Adherence Terms

A. Scope of Province's Obligations under the Change of Law Protection Agreement (**CLPA**)

1. On a Protection Event, should the Province become responsible for the payment of taxes (if any) owing by the Financing Entity?

2. On a Protection Event, should the Province become liable to pay amounts owing by the Financing Entity to OPG (e.g., FSM fees and expenses)?

3. On a Protection Event, should all available funds (e.g., funds accumulated in sinking funds) be immediately applied to reduce the amount that the Province would be liable for under the CLPA?

4. Should the Province set a "Protection Agreement Maximum" (previously called the "Program Maximum") that measures and relates only to "principal amounts"? In other words, should the limitation be tied only to principal obligations, while the Province's actual obligations would automatically extend, without specific quantum limits, to the other payment obligations under "funding obligations" (e.g., interest, swaps, standby liquidity commitment fees, servicer fees and expenses)?

5. Is the Province comfortable guaranteeing contingent obligations (e.g., indemnity obligations) of the Financing Entity? If so, should the Province require that such contingent obligations be "capped" within the funding obligation itself or should the exposure of the Province be otherwise limited under the CLPA?

6. Should the Province be required to deposit funds to meet sinking fund or collateral deposits (i.e., deposit obligations incorporated in the financing structure on the basis that the "clean energy" cash flows will service the obligations, rather than the Province), notwithstanding that the Province would have become primarily liable for payment obligations under the CLPA?

B. Adhesion

7. Is the Province okay splitting the maximum exposure limitations and "process-related" matters (see below) into a separate agreement - away from the terms of the agreement under which the Province's payment obligations would bind the Province opposite the Indenture Trustee? OPG proposes this in order to keep the optics of the CLPA as simple and straightforward as possible. In other words, is the Province prepared to leave all of the important details regarding what OPG is supposed to do before incurring an obligation that binds the Province to a side agreement with OPG, that is opaque to the Indenture Trustee and Underwriters at the time a funding obligation is incurred and not requiring any third party to have notice or regard to the Province's requirements?

8. OPG proposes that delivery of an officers' certificate to a third party, in OPG's capacity as FSM, will in and of itself bind the Province under the CLPA. That certificate would simply indicate that the Province is bound under the CLPA with respect to the specified funding obligation. It would not be addressed to the Province (although a pre-closing certificate is contemplated to be delivered to the Province) and the "Protection Agreement Maximum" concept would not be incorporated as a specific condition (other

than to the extent that OPG is bound to the Province under the side agreement with the Province). Is this acceptable to the Province? Does this raise any governance/authority issues for the Province (e.g., limit on incurrence needing to be specifically confirmed at closing? scope of permitted delegation to bind? FAA compliance?)

C. "Protection Agreement Maximum" (formerly "Program Maximum" (**PAM**)

9. OPG proposes that the PAM will be determined based on a mechanical calculation and without any real discretion on the part of the Province to set or object to the PAM. Is this acceptable to the Province?

10. OPG's proposed mechanical process to determine PAM would be based on OPG's 24 month forecast (estimate) of payments to be made by the Financing Entity. So long as that forecast (and any refresh) is consistent with the "Financing Plan" (also prepared by OPG) and is "reasonably expected to align with the fair allocation amount", the Province will be required to accept the PAM based on OPG's forecast – i.e., no discretion to reject or modify the aggregate amount of the Province's commitment initially or from time to time. Is the Province prepared to tie its CLPA obligation automatically to the operation of the OFHPA in this way, without review and with perpetual effect?

11. Is the proposed mechanical link to the OFHPA calculations consistent with the OIC or other governance requirements applicable to the Province's authority to approve the CLPA?

12. Is the initial 24 month forecast period appropriate (e.g., 2.5B x 2 – large)? Is OPG's proposed refresh of the PAM (mechanically tied to the new forecast), 9 to 12 months prior to the end of the 24 month forecast period, appropriate?

D. "Process-Related" Matters

13. Assuming the Province is okay with the arrangements described in question 7, above, we would envision a mechanism where the Province could give the Indenture Trustee notice of a breach (if known) by OPG of the PAM or process-related side agreement, and that such a notice would have the effect of cutting off the application of the CLPA for any future incurrences unless the Province further agrees otherwise. Does the Province agree that this sort of failsafe is essential? Note that OPG's suggestion has been that no pre-incurrence non-adherence/failsafe provision be provided, in order to allow the Province to provide notice that the CLPA will not apply to a pending/proposed incurrence.

14. Does the Province need to contemplate other scenarios where the CLPA would become ineffective in respect of future incurrences, such as:

    a. an OPG change of control

    b. a policy-based determination by a future government

    c. an unanticipated circumstance, such as the incurrence by the Financing Entity of assessed tax liabilities, indemnity payments, "increased costs", rating downgrades, offering disclosure-based claims, defaults under the program,

insolvency of a major counterparty (e.g., swap counterparty or services provider), etc.

d. a discretionary circumstance where the Province decides it no longer wishes to be liable under the CLPA?

We expect that OPG would push back so that any suspension of new obligations by the Province would not hamper OPG's ability to complete an anticipated/needed refinancing.

15. Does the Province have any reservations about letting OPG at any time provide a binding certificate to third parties regarding adherence, which would be determinative of the Province's obligations. What conditions for this sort of certificate would make sense (e.g., preview and consent by the Province)? Does this proposal raise any governance/authority issues for the Province (e.g., scope of delegation; FAA compliance)?

16. If the Province is prepared to be liable for taxes owing by the Financing Entity (see question 1, above), what oversight, assurances, documentation and reporting regarding the potential for entity-level taxes should the Province require (if any)?

17. OPG is proposing that the Province will receive a certificate prior to the Financing Entity incurring a funding obligation, that sets out "the material terms of the funding obligations pertaining to the principal amount, pricing and third party fees". Is that a sufficient amount of detail, or would the Province like to specifically itemize its information expectations, to cover things such as:

    a. details respecting any principal obligation, such as:

        i. the amount, timing and conditions of repayments (including any redemption or extension rights)

        ii. the basis for OPG's expectations regarding the availability of any related refinancings

        iii. any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the principal obligation

        iv. the rating (if any) contemplated to be attributed to the principal repayment of the funding obligation

        v. details respecting any redemption rights, including the nature and conditions applicable to any exercise and OPG's expected basis for determining whether or not to exercise a redemption right, option or privilege;

    b. details respecting interest obligations, such as:

        i. the anticipated interest or discount rate or rates (including default rates)

        ii. the timing/frequency/conditions of coupon payments

iii. any required deposits to be made into a finance reserve account or supplemental account

iv. the availability of any funding rebates in order to provide for payment of interest

v. the rating (if any) contemplated to be attributed to the interest obligation;

c. details respecting any hedging obligation (e.g., interest or FX swaps, options or other derivatives), such as:

i. the name of the counterparty and credit details

ii. the credit ratings (if any) of the payor(s)

iii. the risks sought to be mitigated by the derivative

iv. anticipated circumstances (if any) in which the derivative may not achieve such mitigation or be subject to early termination

v. whether collateral posting requirements will apply;

d. details respecting other funding obligations, such as:

i. the payee

ii. the timing and any conditions of payments

iii. any required deposits to be made into a finance reserve account or supplemental account or the availability of any funding rebates in order to provide for payment of such obligations

iv. in the case of a contingent obligation (e.g., indemnities), the nature and extent of any contingency affecting the payment obligation, the circumstances in which a payment obligation may arise and any specified maximum claim amount

e. assuming that the Province would be liable for capital, reserve or supplementary account deposit obligations (see question 6, above), details respecting the schedule for such deposits and the conditions for the application of such amounts to pay such amounts and the related priorities for application.

18. OPG (and presumably OPG's accountants) is contemplating that the Province will be provided transaction documentation "in substantially final form" and that the Province will not be entitled to provide input "other than in its capacity as obligor under the [CLPA]". In other words, assuming that the CLPA is signed in advance, the Province will have no real opportunity to comment on the forms of transaction documents to be used, and will

have a limited opportunity to "not accept" [1] the documentation. Can the Province live with these limitations?

19. The proposed OPG certificate (pre-incurrence) would include an attestation by OPG regarding the use of pre-reviewed documentation. The test for conformity of the to-be-used documentation, compared to the pre-reviewed documentation, would focus only on whether "the covenants of the Financing Entity are no more onerous in any material respect" and that the "events of default" are consistent "in all material respects". Is the limited scope of this conformity test acceptable, or should it be broadened and cover specific items such as:

    a. no differences in the timing of or circumstances under which payments are or may become due (for example, as a result of any termination, wind-up, liquidation or realization)

    b. no differences that could affect the Province's rights of subrogation or interests as a subrogee

    c. with respect to the anticipated form of series specific documents (as opposed to the upfront terms of program-wide "master" documents), confirming that the variable terms set forth in the proposed documents are as reasonably contemplated in the reviewed forms, having regard to such matters as:

        i. the type of instrument to be issued (i.e., debt (bullet vs. amortizing), equity-linked, pass-through instruments, etc.)

        ii. the scope of the related obligations (e.g., redemption or extension features or other optionality)

        iii. the extent of the related obligations (e.g., limited recourse features, limitations on indemnities, etc.)

        iv. the timing, conditions and circumstances in which payment obligations may arise,

    but making it clear that conformity would not include a comparison to the particular financial terms, rates, levels and parameters of the obligations other than if the reviewed forms specify specific requirements, limitations or parameters.

20. How much time is sufficient for the Province:

    a. to do an initial review of the main transaction documentation (including forms of series-specific documents), which would set the acceptable pattern for future

---

[1] Note that the proposed OPG language is not crystal clear that the Province can reject the reviewed documentation, which we expect is merely drafting, but that will need to be confirmed assuming the Province wishes to work within the OPG/Tory mark-up.

issuances? The proposal is 15 BDs, although that does not seem to make sense given that OPG proposes that the Province must confirm acceptance of the terms within 15 BDs of receipt of the documentation

b. to do a review of any changes to the main transaction documentation (including forms of series-specific documents), which would reset the acceptable pattern for future issuances? The proposal is to receive proposed amendments at least 15 BDs prior to first use, and the Province would confirm acceptance of the terms within 15 BDs of receipt of the documentation

c. to review applicable details of a proposed funding obligation in advance of an incurrence (proposal is 10BDs)?

21. What other items should be incorporated into the timeline from the Province's perspective?

E. Information, Reporting and Other Covenants

22. OPG proposes to provide the Province with an applicable "Financing Plan" only after an incurrence. Does the Province need to see this document as it is issued and changed, rather than only after the time of an incurrence?

23. OPG proposes to provide the Province with any actual offering/disclosure documents only after it is used. Does the Province need to have input into offering/disclosure document before use or dissemination (e.g., the description of the CLPA)?

24. OPG has limited its negative covenant on elections by the Financing Entity following a Protection Event to actions that would accelerate obligations. Should this be broader to cover extensions or other consensual changes that could affect the obligations (e.g., creditor concessions).

F. Parties

25. Will it be sufficient for the CLPA (and any procedural side-letter) to be signed by OPG, acting solely in its capacity as "financial services manager" (i.e., with OPG's liability being limited by the terms of the related management or administrative agreement)? How does this interplay with any other indemnities or exculpatory provisions that the Province is anticipating for OPG (corporate) and its officers?

26. Who from OPG should sign the officer's certificate? The OPG proposal is 2 "executive officers".

27. OPG proposes that a failure to comply with the PAM or "approval process" will not result in any breach. Assuming that OPG is in fact proposing that its failure would have no consequences, including as between the Province and OPG whatsoever, are the process aspects of the OPG proposal even meaningful to the Province?

From:	Gadi Mayman
To:	Ronald Kwan; Mike Manning; Ken Kandeepan
Cc:	Anna Strathy
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Thursday, October 19, 2017 11:18:31 AM

Thanks, Ron. Mike was of the same view. Even more reason for them not to do US$ deals if they can avoid them. I'm wondering if we should ask them, when they're negotiating their ISDA agreements, to put a clause in that would allow those swaps, if they were to be transferred to the Province under the Change of Law Assumption Agreement, to then be governed under the Province's ISDA agreement with that entity, if one is already in place, rather than us being stuck with one negotiated by OPG?

From: Ronald Kwan
Sent: Thursday, October 19, 2017 10:30 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Gadi,

Mike and Ken may have more to add, but I believe the TB submission noted the following (emphasis added):

> In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time. The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. *In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make*.

Ron

From: Gadi Mayman
Sent: October-19-17 09:28
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fwd: Fair Hydro -- Change of Law Assumption Agreement

I see in Nina's email a reference to ISDA. Are we, under the change of law assumption agreement, guaranteeing any swaps that OPG trust may enter?

Begin forwarded message:

From: "Mansoori, Nina" <nmansoori@torys.com>
Date: October 19, 2017 at 9:17:25 AM EDT
To: "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>, "Ramchandani, Rima" <rramchandani@torys.com>, "Feldman, Michael" <mfeldman@torys.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Donaldson, Mark (TBS)" <Mark.Donaldson@ontario.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Nelms, Scott (MOF)" <Scott.Nelms@ontario.ca>, "Devine, James (OFA)" <James.Devine@ofina.on.ca>, "Yep, Carlos (OFA)" <Carlos.Yep@ofina.on.ca>, "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>, "Cengarle, John (MOF)" <John.Cengarle@ontario.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Katona, Keley (MOF)" <Keley.Katona@ontario.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>, "Hirani, Anis (OFA)" <Anis.Hirani@ofina.on.ca>, "Kim, John (OFA)" <John.Kim@ofina.on.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "'STEPHEN.ASHBOURNE@blakes.com'" <STEPHEN.ASHBOURNE@blakes.com>, "'LADAK Lubna -TREASURY'" <lubna.ladak@opg.com>, "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Mansoori, Nina" <nmansoori@torys.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good Morning Malle,

In terms of Program Agreements, here is an update:

-we have previously circulated the MTI and MTSA to Blakes. Both of these agreements are in mid-turn but we will send you the next circulation of these agreements once available.
-we received an initial draft supplemental for the warehouse facility on Tuesday from the dealers' counsel. We have not yet reviewed it nor have we discussed it with Oslers so we will send you the next circulation of this document.
-I am attaching the most current versions of the Declaration of Trust and the Management Agreement (which are subject to the continuing review of the working group).
-we'll have a form of ISDA Schedule to you soon.
-we don't expect to have a substantially advanced draft of the OM to share until November.

Please let me know if you have any questions.

Best Regards,

Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: October-18-17 7:02 PM
To: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Nina,

We will be reviewing your comments and mark-up.

On a related point, do you have available yet drafts of any of the other agreements that will be required in connection with a proposed issuance by the financing entity and that we have previously discussed and requested copies of such as a draft supplemental indenture, draft disclosure documents, drafts of other agreements referenced in the master trust indenture to the extent they would be used in or related to an issuance by the Financing Entity etc. The Protection Agreement is proposed to work in the context of these other agreements and this would provide a better context for review by the Province. If they are not yet available, when are they expected to be available?

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 18, 2017 9:53 AM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY

<ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF);

Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

? The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection

Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.

- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie - LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA)

<Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

<image001.jpg>[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material

amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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<Fair Hydro - Management Agreement (DRAFT).pdf>

<Fair Hydro - Declaration of Trust (DRAFT).pdf>

From:	Ronald Kwan
To:	Gadi Mayman; Mike Manning; Ken Kandeepan
Cc:	Anna Strathy
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Thursday, October 19, 2017 10:30:05 AM

Hi Gadi,

Mike and Ken may have more to add, but I believe the TB submission noted the following (emphasis added):

> In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time. The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. *In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make*.

Ron

From: Gadi Mayman
Sent: October-19-17 09:28
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fwd: Fair Hydro -- Change of Law Assumption Agreement

I see in Nina's email a reference to ISDA. Are we, under the change of law assumption agreement, guaranteeing any swaps that OPG trust may enter?

Begin forwarded message:

> **From:** "Mansoori, Nina" <nmansoori@torys.com>
> **Date:** October 19, 2017 at 9:17:25 AM EDT
> **To:** "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>
> **Cc:** LEE John -TREASURY <john.s.lee@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>, "Ramchandani, Rima" <rramchandani@torys.com>, "Feldman, Michael" <mfeldman@torys.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Donaldson, Mark (TBS)" <Mark.Donaldson@ontario.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Nelms, Scott (MOF)" <Scott.Nelms@ontario.ca>, "Devine, James (OFA)" <James.Devine@ofina.on.ca>, "Yep, Carlos (OFA)" <Carlos.Yep@ofina.on.ca>, "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>,

"Cengarle, John (MOF)" <John.Cengarle@ontario.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Katona, Keley (MOF)" <Keley.Katona@ontario.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>, "Hirani, Anis (OFA)" <Anis.Hirani@ofina.on.ca>, "Kim, John (OFA)" <John.Kim@ofina.on.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "'STEPHEN.ASHBOURNE@blakes.com'" <STEPHEN.ASHBOURNE@blakes.com>, "'LADAK Lubna -TREASURY'" <lubna.ladak@opg.com>, "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Mansoori, Nina" <nmansoori@torys.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good Morning Malle,

In terms of Program Agreements, here is an update:

-we have previously circulated the MTI and MTSA to Blakes. Both of these agreements are in mid-turn but we will send you the next circulation of these agreements once available.
-we received an initial draft supplemental for the warehouse facility on Tuesday from the dealers' counsel. We have not yet reviewed it nor have we discussed it with Oslers so we will send you the next circulation of this document.
-I am attaching the most current versions of the Declaration of Trust and the Management Agreement (which are subject to the continuing review of the working group).
-we'll have a form of ISDA Schedule to you soon.
-we don't expect to have a substantially advanced draft of the OM to share until November.

Please let me know if you have any questions.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: October-18-17 7:02 PM
To: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA)

<James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Nina,

We will be reviewing your comments and mark-up.

On a related point, do you have available yet drafts of any of the other agreements that will be required in connection with a proposed issuance by the financing entity and that we have previously discussed and requested copies of such as a draft supplemental indenture, draft disclosure documents, drafts of other agreements referenced in the master trust indenture to the extent they would be used in or related to an issuance by the Financing Entity etc. The Protection Agreement is proposed to work in the context of these other agreements and this would provide a better context for review by the Province. If they are not yet available, when are they expected to be available?

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 18, 2017 9:53 AM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF);

Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty

on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.

- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie - LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

<image001.jpg>[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the

next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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<Fair Hydro - Management Agreement (DRAFT).pdf>

<Fair Hydro - Declaration of Trust (DRAFT).pdf>

From:	Hanslep, Malle (MOF)
To:	Mansoori, Nina
Cc:	LEE John -TREASURY; RYFA Ken -TREASURY; "WONG Leslie -LAWDIV"; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS); Thouin, Alena (ENERGY); Tom McKinlay (MAG); "STEPHEN.ASHBOURNE@blakes.com"; "LADAK Lubna -TREASURY"; Tobias P. Whitfield (MOF)
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Thursday, October 19, 2017 9:28:15 AM

Thanks Nina. That would seem to be one of the important documents.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 19, 2017 9:26 AM
To: Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'; Whitfield, Tobias P. (MOF)
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

My pleasure, Malle. Yes, there will be a supplemental indenture for the long term financing. Oslers is working on that but we have not yet received a draft. Once it is in an advanced form, we will also provide that to this group.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: October-19-17 9:22 AM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>;

Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Nina,

Thanks for this. Will there also be a draft supplemental for a bond/note issuance?

Best,

Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 19, 2017 9:17 AM
To: Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'; Whitfield, Tobias P. (MOF); Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good Morning Malle,

In terms of Program Agreements, here is an update:

-we have previously circulated the MTI and MTSA to Blakes. Both of these agreements are in mid-turn but we will send you the next circulation of these agreements once available.
-we received an initial draft supplemental for the warehouse facility on Tuesday from the dealers' counsel. We have not yet reviewed it nor have we discussed it with Oslers so we will send you the next circulation of this document.
-I am attaching the most current versions of the Declaration of Trust and the Management Agreement (which are subject to the continuing review of the working group).
-we'll have a form of ISDA Schedule to you soon.
-we don't expect to have a substantially advanced draft of the OM to share until November.

Please let me know if you have any questions.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: October-18-17 7:02 PM
To: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>;

Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Nina,

We will be reviewing your comments and mark-up.

On a related point, do you have available yet drafts of any of the other agreements that will be required in connection with a proposed issuance by the financing entity and that we have previously discussed and requested copies of such as a draft supplemental indenture, draft disclosure documents, drafts of other agreements referenced in the master trust indenture to the extent they would be used in or related to an issuance by the Financing Entity etc. The Protection Agreement is proposed to work in the context of these other agreements and this would provide a better context for review by the Province. If they are not yet available, when are they expected to be available?

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 18, 2017 9:53 AM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima;

Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will

have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the

conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;

(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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l'utilisation des destinataires concernés et peuvent être de nature privilégiée ou confidentielle. Toute distribution, impression ou autre utilisation est interdite aux autres personnes. Si vous ne faites pas partie des destinataires concernés, veuillez en informer immédiatement l'expéditeur, ainsi que supprimer ce courriel et les documents joints de manière permanente.

From:	Mansoori, Nina
To:	Malle Hanslep (MOF)
Cc:	LEE John -TREASURY; RYFA Ken -TREASURY; "WONG Leslie -LAWDIV"; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS); Thouin, Alena (ENERGY); Tom McKinlay (MAG); "STEPHEN.ASHBOURNE@blakes.com"; "LADAK Lubna -TREASURY"; Tobias P. Whitfield (MOF)
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Thursday, October 19, 2017 9:26:00 AM

My pleasure, Malle. Yes, there will be a supplemental indenture for the long term financing. Oslers is working on that but we have not yet received a draft. Once it is in an advanced form, we will also provide that to this group.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: October-19-17 9:22 AM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Nina,

Thanks for this. Will there also be a draft supplemental for a bond/note issuance?

Best,

Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 19, 2017 9:17 AM

To: Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'; Whitfield, Tobias P. (MOF); Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good Morning Malle,

In terms of Program Agreements, here is an update:

-we have previously circulated the MTI and MTSA to Blakes. Both of these agreements are in mid-turn but we will send you the next circulation of these agreements once available.
-we received an initial draft supplemental for the warehouse facility on Tuesday from the dealers' counsel. We have not yet reviewed it nor have we discussed it with Oslers so we will send you the next circulation of this document.
-I am attaching the most current versions of the Declaration of Trust and the Management Agreement (which are subject to the continuing review of the working group).
-we'll have a form of ISDA Schedule to you soon.
-we don't expect to have a substantially advanced draft of the OM to share until November.

Please let me know if you have any questions.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: October-18-17 7:02 PM
To: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Nina,

We will be reviewing your comments and mark-up.

On a related point, do you have available yet drafts of any of the other agreements that will be required in connection with a proposed issuance by the financing entity and that we have previously discussed and requested copies of such as a draft supplemental indenture, draft disclosure documents, drafts of other agreements referenced in the master trust indenture to the extent they would be used in or related to an issuance by the Financing Entity etc. The Protection Agreement is proposed to work in the context of these other agreements and this would provide a better context for review by the Province. If they are not yet available, when are they expected to be available?

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 18, 2017 9:53 AM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once

confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE

John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP [torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to

any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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From:	Hanslep, Malle (MOF)
To:	Mansoori, Nina
Cc:	LEE John -TREASURY; RYFA Ken -TREASURY; "WONG Leslie -LAWDIV"; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS); Thouin, Alena (ENERGY); Tom McKinlay (MAG); "STEPHEN.ASHBOURNE@blakes.com"; "LADAK Lubna -TREASURY"; Tobias P. Whitfield (MOF)
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Thursday, October 19, 2017 9:22:18 AM

Hi Nina,

Thanks for this. Will there also be a draft supplemental for a bond/note issuance?

Best,

Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 19, 2017 9:17 AM
To: Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'; Whitfield, Tobias P. (MOF); Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good Morning Malle,

In terms of Program Agreements, here is an update:

-we have previously circulated the MTI and MTSA to Blakes. Both of these agreements are in mid-turn but we will send you the next circulation of these agreements once available.
-we received an initial draft supplemental for the warehouse facility on Tuesday from the dealers' counsel. We have not yet reviewed it nor have we discussed it with Oslers so we will send you the next circulation of this document.
-I am attaching the most current versions of the Declaration of Trust and the Management Agreement (which are subject to the continuing review of the working group).
-we'll have a form of ISDA Schedule to you soon.
-we don't expect to have a substantially advanced draft of the OM to share until November.

Please let me know if you have any questions.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: October-18-17 7:02 PM
To: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Nina,

We will be reviewing your comments and mark-up.

On a related point, do you have available yet drafts of any of the other agreements that will be required in connection with a proposed issuance by the financing entity and that we have previously discussed and requested copies of such as a draft supplemental indenture, draft disclosure documents, drafts of other agreements referenced in the master trust indenture to the extent they would be used in or related to an issuance by the Financing Entity etc. The Protection Agreement is proposed to work in the context of these other agreements and this would provide a better context for review by the Province. If they are not yet available, when are they expected to be available?

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 18, 2017 9:53 AM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -

TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.

We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?

- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the

Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

This email and any attachments are for the sole use of the intended recipients and may be privileged or confidential. Any distribution, printing or other use by anyone else is prohibited. If you are not an intended recipient, please contact the sender immediately, and permanently delete this email and attachments.

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From:	Mansoori, Nina
To:	Malle Hanslep (MOF)
Cc:	LEE John -TREASURY; RYFA Ken -TREASURY; "WONG Leslie -LAWDIV"; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS); Thouin, Alena (ENERGY); Tom McKinlay (MAG); "STEPHEN.ASHBOURNE@blakes.com"; "LADAK Lubna -TREASURY"; Tobias P. Whitfield (MOF); Mansoori, Nina
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Thursday, October 19, 2017 9:18:13 AM
Attachments:	Fair Hydro - Management Agreement (DRAFT).pdf Fair Hydro - Declaration of Trust (DRAFT).pdf

Good Morning Malle,

In terms of Program Agreements, here is an update:

-we have previously circulated the MTI and MTSA to Blakes. Both of these agreements are in mid-turn but we will send you the next circulation of these agreements once available.
-we received an initial draft supplemental for the warehouse facility on Tuesday from the dealers' counsel. We have not yet reviewed it nor have we discussed it with Oslers so we will send you the next circulation of this document.
-I am attaching the most current versions of the Declaration of Trust and the Management Agreement (which are subject to the continuing review of the working group).
-we'll have a form of ISDA Schedule to you soon.
-we don't expect to have a substantially advanced draft of the OM to share until November.

Please let me know if you have any questions.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: October-18-17 7:02 PM
To: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom

(MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Nina,

We will be reviewing your comments and mark-up.

On a related point, do you have available yet drafts of any of the other agreements that will be required in connection with a proposed issuance by the financing entity and that we have previously discussed and requested copies of such as a draft supplemental indenture, draft disclosure documents, drafts of other agreements referenced in the master trust indenture to the extent they would be used in or related to an issuance by the Financing Entity etc. The Protection Agreement is proposed to work in the context of these other agreements and this would provide a better context for review by the Province. If they are not yet available, when are they expected to be available?

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 18, 2017 9:53 AM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether

there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's

accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
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Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

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TORYS LLP[torys.com]

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Sent: September-19-17 9:55 PM
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Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before

such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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DRAFT: OCTOBER 12, 2017

MANAGEMENT AGREEMENT

between

■
as Issuer

- and -

ONTARIO POWER GENERATION INC.
as Manager

Acknowledged and Accepted by

■
as Indenture Trustee

Dated as of ■, 2017

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MANAGEMENT AGREEMENT

THIS AGREEMENT made as of ■, 2017,

BETWEEN:

■, a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

(the "**Manager**")

- acknowledged and accepted by -

[INDENTURE TRUSTEE], a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee

(the "**Indenture Trustee**")

WHEREAS the Government of Ontario has passed the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS Ontario Power Generation Inc. has been appointed as Financial Services Manager under the Act to, among other things, evaluate whether potential Funding Obligations should be incurred by Financing Entities for the purposes of acquiring and financing Investment Interests;

AND WHEREAS the Issuer is a Financing Entity established by the Financial Services Manager pursuant to the Act and may from time to time finance the acquisition from the IESO of an Investment Interest pursuant to the terms of the Master Transfer and Servicing Agreement;

AND WHEREAS the Indenture Trustee has been appointed pursuant to the Indenture to act on behalf of all Specified Creditors and wishes to acknowledge and accept the rights and obligations granted to it thereby, including, but not limited to, those rights and obligations set forth in Sections 4.1(a)(vii), 4.1(a)(xx), 4.1(a)(xxiii), 4.3(a), 4.7(d), 4.7(e), 5.6, 7.1, 8.2(b) and 8.10 hereof;

AND WHEREAS the Issuer and the Manager are entering into this Agreement in furtherance of, and in accordance with, the Act;

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

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this Agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Clean Energy Benefits**" has the meaning ascribed to the term "clean energy benefits" in the Act;

"**Clean Energy Costs**" has the meaning ascribed to the term "clean energy costs" in the Act;

"**Declaration of Trust**" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act;

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act;

"**Financial Services Manager**" has the meaning ascribed to such term under the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Financing Plan**" has the meaning ascribed to such term under the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital continued under the *Electricity Act, 1998*, S.O. 1998;

"**Indenture**" means the master trust indenture dated ■, 2017 between the Indenture Trustee and the Issuer, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

"**Investment Interest Records**" means, collectively, any and all documents and records the Manager shall keep on file, in accordance with its customary procedures, relating to the Issuer Investment Interest, including copies of all documents filed with the Board in connection with any Clean Energy Adjustments and computational records relating thereto;

"**Issuer Compensation**" has the meaning ascribed to such term in Section 5.5;

"**Issuer Funding Obligation**" means a Funding Obligation incurred by the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Property**" means, as of any particular time, all assets of the Issuer and all property, real, personal or otherwise, tangible or intangible, which has been transferred, conveyed or paid to, or acquired by the Issuer, including all income, earnings, profits and gains therefrom, and which at such time is owned or held by the Issuer;

"**Management Fees**" means the fees payable to the Manager, as set out in the applicable fee letter to be issued on an annual basis or more frequently as the Issuer and the Manager may determine;

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated ■, 2017 between the Issuer and the IESO and acknowledged and accepted by the Indenture Trustee, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*, S.O. 1990;

"**Offering Materials**" means any document used by the Issuer in connection with offering securities representing Issuer Funding Obligations for sale including, without limitation, any information circular, offering memorandum, annual information form, preliminary prospectus, prospectus, prospectus supplement, term sheet, registration statement or other similar document, or any amendments to such documents;

"**Perpetuity Date**" means the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendant of Queen Elizabeth, II of England living as of the date of the Declaration of Trust;

"**Program Agreements**" means the Indenture, each Supplemental Indenture, the Declaration of Trust, this Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, any Co-Owner Agreements, the Change of Law Protection Agreement, the Notes, any Derivative

Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements and Note Purchase Agreements in effect at such time and all other documents and certificates delivered in connection therewith;

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act;

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the U.S. Securities and Exchange Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the U.S. Securities and Exchange Commission or by the staff of the U.S. Securities and Exchange Commission, or as may be provided by the U.S. Securities and Exchange Commission or its staff from time to time;

"**Regulations**" means the regulations promulgated under the Act;

"**Servicer CEA Collections**" has the meaning ascribed thereto in the Master Transfer and Servicing Agreement;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Standard of Care**" has the meaning ascribed to such term in Section 5.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act; and

"**True Up Amount**" has the meaning ascribed to the term "true up amount" in the Act.

(b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Indenture.

ARTICLE 2
INTRODUCTORY PROVISIONS

2.1 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

2.2 Extended Meanings

Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. Unless otherwise specified, a reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

2.3 References to Acts of the Issuer or the Issuer Trustee

For greater certainty, where any reference is made in this Agreement to an act to be performed by the Issuer, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer. Where any reference is made in this Agreement to an act to be performed by the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by the Issuer Trustee as trustee of the Issuer.

ARTICLE 3
APPOINTMENT OF THE MANAGER

3.1 Appointment and Authority of the Manager

The Issuer hereby appoints Ontario Power Generation Inc. as the Manager to act as its agent to provide services and perform duties for and on behalf of and for the account of the Issuer, as hereinafter provided, in connection with the activities of the Issuer relating to:

(a) the acquisition, administration and possible transfer of the Issuer Investment Interest on behalf of the Issuer in accordance with the Act;

(b) acting as custodian of the Investment Interest Records;

(c) the entering into and execution and delivery on behalf of the Issuer of any Program Agreements;

(d) the incurrence of Issuer Funding Obligations, and repayment thereof, to fund the acquisition of the Issuer Investment Interest;

(e) the negotiation, execution and delivering or filing on behalf of the Issuer of any Offering Materials;

(f) the implementation and administration of the provisions of the Program Agreements to which the Issuer or the Manager on its behalf is a party;

(g) the acquisition, administration and sale of investments that may from time to time be made by the Issuer; and

(h) all activities as may be reasonably incidental to the foregoing or necessary in connection with the performance by the Issuer of its obligations under the Program Agreements, the Act and the Regulations.

The Manager accepts such appointment and agrees to act in such capacity and to provide or cause to be provided the services and to perform the duties set forth in this Agreement on and subject to the terms and conditions in this Agreement. The Issuer hereby grants to the Manager the power and authority to act in the name of and on behalf of the Issuer, and to execute and deliver all documents, agreements and instruments in the name and on behalf of the Issuer, for

the sole purpose of providing the services and performing the duties to be provided and performed by the Manager pursuant to this Agreement.

ARTICLE 4
DUTIES AND OBLIGATIONS OF THE MANAGER

4.1 Program Agreements

(a) The Manager will administer as agent for and on behalf of and for the account of the Issuer the activities of the Issuer in connection with the Program Agreements and, in this regard, its services and duties will include:

(i) negotiating and executing, on behalf of the Issuer, Program Agreements and any documents related thereto with any Person and any amendments, supplements, replacements or restatements that may be necessary or desirable from time to time;

(ii) arranging for liquidity coverage required pursuant to the Program Agreements, negotiating and settling Liquidity Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Liquidity Agreements;

(iii) when necessary or desirable, arranging for the Credit Enhancement of the Issuer Investment Interest, negotiating and settling Credit Enhancement Agreements and administering on behalf of the Issuer the activities of the Issuer in connection with such Credit Enhancement Agreements;

(iv) seeking satisfaction of the Rating Agency Condition from the Rating Agencies in respect of the Program Agreements and proposed amendments thereto if required;

(v) based on reports submitted to it, monitoring the recording, accounting for and enforcement of payment of amounts distributable or payable to the Issuer in connection with any Program Agreement;

(vi) maintaining accounts and banking records of the Issuer with respect to acquisitions or investments in and distributions and payments in connection with the Issuer Property, including Eligible Investments;

(vii) promptly after obtaining knowledge thereof, notifying the Issuer, the Indenture Trustee and the Rating Agencies of a breach in any material respect of any of the Manager's representations, warranties or covenants contained herein;

(viii) to the extent that the Issuer shall from time to time have funds the application of which is not then necessary to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer, applying such funds on behalf of and for the

account of the Issuer to the acquisition of Eligible Investments as the Manager may select pending the application of such funds to the repayment of outstanding indebtedness of the Issuer or to the payment of any costs, fees, expenses or disbursements of the Issuer; provided, however, that in making any such Eligible Investments, the Manager shall adhere to the requirements of the Program Agreements in all respects;

(ix) taking all other necessary and appropriate action to enable the Issuer to exercise its rights and perform its obligations in accordance with the provisions of any Program Agreement, including exercising rights of termination under Program Agreements and the enforcement of security or in respect of Eligible Investments;

(x) providing for the defense of any action, suit or proceeding brought against the Issuer or affecting the Issuer or any Issuer Property;

(xi) taking all such steps as may be necessary or appropriate to enable the Issuer to collect on any security relating to the Issuer Investment Interest;

(xii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to enter into Derivative Agreements, selecting suitable counterparties thereto and negotiating the terms thereof in accordance with the terms of the Program Agreements;

(xiii) determining, in accordance with the Financing Plan, when it is appropriate for the Issuer to incur Funding Obligations, including the determination of applicable principal (or face amount), amortization/sinking fund schedule(s), interest rates (or rate of discount), interest payment frequency, issuance date and maturities of such Funding Obligations;

(xiv) making determinations under the Declaration of Trust regarding any distributions to beneficiaries of the Issuer;

(xv) promptly providing the Issuer Trustee notice of the Perpetuity Date once determined;

(xvi) administering all activities of the Issuer in connection with the issuance, sale, payment, repurchase and redemption of Issuer Funding Obligations and the execution and performance by the Issuer of its obligations under the Program Agreements, including all reporting obligations, applying for and monitoring the ratings of any Issuer Funding Obligations and coordinating all aspects of obtaining and maintaining ratings from the Rating Agencies;

(xvii) preparing, executing and delivering, in accordance with the requirements of all applicable securities laws, any Offering Materials to be furnished by the Issuer to any dealer or prospective purchaser of Issuer Funding Obligations, in accordance with the Issuer's obligations to prepare such Offering Materials under any Underwriting Agreement or Agency Agreement, and

preparing amendments to or revising or updating information for such Offering Materials as required from time to time (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xviii) ensuring that all statements of the Issuer made in any Offering Materials or in connection with entering into any Program Agreement are at all times true and correct in all material respects (it being understood that the Manager, as between it and the Issuer, shall not be responsible for the accuracy of any portion of the Offering Materials prepared from information obtained from any Person other than the Issuer and the Manager);

(xix) arranging for compliance by the Issuer with any continuous disclosure obligations it may have under any applicable securities laws;

(xx) preparing and filing all reports, certificates and other documents that are required to be prepared and filed pursuant to the Indenture in order to comply with Regulation AB and delivering all such reports, certificates and other documents to the Issuer, the Indenture Trustee and the Rating Agencies;

(xxi) arranging for the retention of legal counsel as may be necessary to perform for the Issuer the services necessary or appropriate to its organization or the conduct of its operations and all general services customarily provided by legal counsel;

(xxii) arranging for the appointment, discharge and reappointment of an auditor of the Issuer and negotiating and fixing the fees of any such auditor;

(xxiii) arranging for the retention of an accounting firm and ensuring that proper books of account and complete records of all transactions of the Issuer undertaken or performed by it under the Program Agreements are maintained and rendering statements or copies thereof from time to time as requested by the Indenture Trustee and any issuing and paying agent, Liquidity Lender or Credit Enhancer and co-operating in all audits of the Issuer;

(xxiv) preparing, or arranging for the preparation of, all required financial statements of the Issuer;

(xxv) preparing, procuring, delivering and filing, or causing to be prepared, procured, delivered or filed, any reports, attestations, exhibits, certificates or other documents required to be delivered or filed with the applicable securities regulator by the Issuer under the applicable securities or other applicable laws;

(xxvi) providing clerical and bookkeeping services necessary and appropriate for the Issuer relating to all transactions of the Issuer undertaken or performed by the Manager hereunder, and the Issuer's incurrence and repayment of Funding Obligations and other borrowings of money and maintaining and preserving records regarding the foregoing;

(xxvii) paying all taxes or assessments of whatever kind or nature imposed on the Issuer, and withholding and remitting all taxes required to be withheld and remitted by the Issuer under applicable laws, in each case, on behalf of and for the account of the Issuer and in accordance with the requirements of any applicable laws and subject to the payment priorities specified in the Program Agreements;

(xxviii) preparing and filing, in accordance with the requirements of any applicable laws, all returns (including, for greater certainty, all returns, information returns, elections, designations, declarations, schedules, statements or supporting documents in relation thereto) required to be filed with any government authority, or prepared as support for any such filing, in connection with (A) the determination, assessment or collection of any taxes of the Issuer or taxes, or amounts on account of taxes, that the Issuer is required to withhold and remit by applicable laws, or (B) the administration of any laws, regulations or administrative requirements relating to taxes; and

(xxix) providing such other services as are incidental to the foregoing or as the Issuer and the Manager may agree.

(b) The Manager will not offer to enter into any Program Agreement:

(i) after the Manager receives a notice of termination pursuant to Section 7.1; or

(ii) if the entering into of the Program Agreement would violate any other Program Agreements.

4.2 Issuer Investment Interest

The Manager will administer as agent for and on behalf of and for the account of the Issuer the following activities of the Issuer in connection with the acquisition and administration of the Issuer Investment Interest in accordance with the Program Agreements:

(a) enforcing the rights of the Issuer under the Program Agreements;

(b) seeking to protect the Issuer and the Specified Creditors from claims, actions or other proceedings of third parties that, if successfully pursued, would result in a breach of any representation by the IESO set forth in the Master Transfer and Servicing Agreement;

(c) executing and filing such filings, including filings under the PPSA, and causing such filings to be executed and filed, all in such manner and in such places as may be required by law to fully preserve, maintain, protect and perfect the ownership interest of the Issuer and the first priority security interest of the Indenture Trustee in the Issuer Investment Interest, including all filings required under the Act and the PPSA (and equivalent statutes in any applicable jurisdiction) relating to the transfer of the ownership of the rights and interest in the Issuer Investment Interest by the IESO to the Issuer or the pledge of the Issuer Investment Interest to the Indenture Trustee;

(d) maintaining accounts and records as to the Issuer Investment Interest accurately and in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between the Servicer CEA Collections and the Clean Energy Adjustment;

(e) instituting any action or proceeding necessary to compel performance by the Board, the IESO, the Province of Ontario, the Indenture Trustee, the Issuer Trustee or any of their respective agents of any of their obligations or duties under the Act or any Program Agreement, as the case may be, and taking such legal or administrative actions, including defending against or instituting and pursuing legal actions and appearing or testifying at hearings or similar proceedings, in each case as may be reasonably necessary;

(f) seeking to block or overturn any attempts to cause a repeal of, modification of or supplement to the Act or the Regulations or the rights of holders of any Funding Obligations, by legislative enactment that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors; and

(g) instituting any action or proceeding necessary to appeal or challenge the decision of a court that would be materially adverse to the Issuer or the Specified Creditors or that would otherwise cause an impairment of the rights of the Issuer or the Specified Creditors.

4.3 Investment Interest Records

(a) The Manager will act as custodian of the Investment Interest Records as agent for and on behalf of and for the account of the Issuer, which are hereby constructively delivered to the Indenture Trustee, as pledgee of the Issuer with respect to the Issuer Investment Interest, and, in this regard, the Manager shall:

(i) hold the Investment Interest Records on behalf of the Issuer and the Indenture Trustee and maintain such accurate and complete accounts, records and computer systems pertaining to the Investment Interest Records as shall enable the Issuer and the Indenture Trustee, as applicable, to comply with the Program Agreements;

(ii) promptly report to the Issuer, the Indenture Trustee and the Rating Agencies any failure on its part to hold the Investment Interest Records and maintain its accounts, records and computer systems as herein provided and promptly take appropriate action to remedy any such failure;

(iii) maintain the Investment Interest Records at its offices at 700 University Avenue, Toronto, Ontario or at such other office as shall be specified to the Issuer and the Indenture Trustee by written notice at least 30 days prior to any change in location;

(iv) make available for inspection, audit and copying to the Issuer and the Indenture Trustee or their respective duly authorized representatives, attorneys or auditors the Investment Interest Records at such times during normal business hours as the Issuer or the Indenture Trustee shall reasonably request and that do not unreasonably interfere with the Manager's normal operations; and

(v) upon instruction from the Indenture Trustee in accordance with the Indenture or any other Person in accordance with another Program Agreement, release any Investment Interest Records to the Indenture Trustee, the Indenture Trustee's agent or the Indenture Trustee's designee, as the case may be, at such place or places as the Indenture Trustee may designate, as soon as practicable.

(b) Nothing in this Section 4.3 shall affect the obligation of the Manager to observe any applicable law prohibiting disclosure of information regarding Specified Consumers, and the failure of the Manager to provide access to such information as a result of such obligation shall not constitute a breach of this Section 4.3.

(c) Nothing in this Section 4.3 shall be deemed to require an initial review or any periodic review by the Issuer or the Indenture Trustee of the Investment Interest Records. The Manager's duties to hold the Investment Interest Records set forth in this Section 4.3, to the extent the Investment Interest Records have not been previously transferred to a successor Manager pursuant to Section 7.1, shall terminate one year and one day after the earlier of (i) the date on which the Manager is succeeded by a successor Manager in accordance with Section 7.1 and (ii) the day after the termination of the Indenture and payment in full of the Issuer Funding Obligations or any other amounts owed under the Indenture.

4.4 Payment of Other Issuer Fees and Expenses

The Manager in accordance with the Program Agreements may, at its option, pay from its own funds the fees and expenses properly incurred on behalf of the Issuer in the ordinary course of the Issuer's operations. To the extent such fees and expenses are paid by the Manager from its own funds, the Issuer will reimburse the Manager for such payments, subject to the payment priorities specified in the Program Agreements.

4.5 Delegation

In connection with the services to be provided or duties to be performed by it under this Agreement, the Manager may, subject to any limitation on delegation imposed by applicable law, by the Declaration of Trust or by the Issuer, engage or employ any Persons as employees, agents, representatives, independent contractors or otherwise, including, without limitation, banks, underwriters, accountants, investment advisers, tax advisers, insurance advisers, lawyers, appraisers, bankers, brokers, dealers, depositories, custodians, agents for collection or others in one or more capacities and any other advisers which the Manager deems advisable, and may delegate any of the powers and duties of the Manager to any such Persons upon such terms and conditions as it may determine. For greater certainty, the Manager shall remain liable and responsible for any of the powers and duties of the Manager which it delegates to a third party.

4.6 Annual Compliance Certificates

The Manager shall provide to the Issuer Trustee a certificate in the form of Exhibit A within 120 days after the end of each fiscal year of the Issuer confirming compliance with the matters referred to in such certificate. The Issuer shall be entitled to rely on such certificate for the period between the effective dates of two consecutive certificates certifying such compliance unless the Issuer has received written notice to the contrary.

4.7 Acknowledgment of Duties as Financial Services Manager

The parties hereto acknowledge that, for so long as Ontario Power Generation Inc. is the Financial Services Manager appointed under the Act, Ontario Power Generation Inc., in its capacity as the Financial Services Manager, will satisfy its obligations as Financial Services Manager in accordance with the Act and the Regulations, and, for greater certainty, its services and duties in this regard will include:

(a) preparing the Financing Plan and, in accordance therewith, evaluating whether Funding Obligations should be incurred by the Issuer for the purposes of acquiring an Investment Interest or refinancing maturing Issuer Funding Obligations;

(b) determining the Clean Energy Adjustment (inclusive of any True Up Amount) payable by Specified Consumers in respect of each month in a Reference Period;

(c) calculating the True Up Amount;

(d) notifying the Board of the Clean Energy Adjustment (inclusive of any True Up Amount) in respect of a Reference Period or such other period as prescribed by the Regulations and sending a copy of such notice, as required, to the Issuer, the Indenture Trustee and the Rating Agencies concurrently therewith; and

(e) if, for any reason any Clean Energy Adjustment is not implemented and effective in respect of the Reference Period set forth in the notice and commencing on the date required under the Act, notifying the Issuer, the Indenture Trustee and each Rating Agency by the end of the second Business Day after such applicable date.

ARTICLE 5
OTHER PROVISIONS RELATING TO THE DUTIES AND COMPENSATION

5.1 Standard of Care

The Manager will perform its duties hereunder (including, for so long as it is the Financial Services Manager, its duties as Financial Services Manager under the Act and the Regulations) diligently and in conformity with the Issuer's obligations under the Program Agreements and with the Act and the Regulations, as applicable, and honestly, in good faith and in the best interests of the Issuer and, in connection therewith, will exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances (the "**Standard of Care**"). In carrying out its obligations hereunder, the Manager may rely upon the opinion or advice of or information obtained from any counsel, auditor, valuer or certificates from officers of any of the other parties to Program Agreements. Unless otherwise required by applicable law, the Manager will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Manager will not be required to devote its entire time to its duties hereunder. Notwithstanding anything else to the contrary herein contained, nothing herein shall be interpreted or construed as an obligation of or on the part of the Manager, and the Manager shall not be liable or obligated, to pay or make any payment of, on or in respect of any debt, liability or obligation of the Issuer (including any payment of, on or in respect of any Issuer Funding Obligations or under any other Program Agreement), as agent for or on behalf of the Issuer or otherwise, except from the monies or funds of the Issuer which are made available to the Manager pursuant to this Agreement or the other Program Agreements for the purpose of such payment.

5.2 Compliance with Program Agreements; Conformity with Law

The Manager acknowledges that it has received copies of the Program Agreements, the Act and the Regulations in effect on the date hereof and is familiar with and understands the duties of the respective parties thereto or governed thereby, including those duties of the Issuer which are being delegated to the Manager hereunder. Notwithstanding anything herein to the contrary, the Manager shall perform its duties hereunder in a manner consistent with any applicable provisions of the Program Agreements in effect from time to time, and the Manager will not, in performing its obligations hereunder, take any action which it knows or ought reasonably to know would cause it or the Issuer to be in violation of any law, rule or regulation applicable to it. The Manager will use reasonable commercial efforts to comply with the terms applicable to the Issuer when acting on its behalf under all Program Agreements and will use reasonable commercial efforts in accordance with its Standard of Care to take such actions as would reasonably be expected to result in the representations and warranties given by the Issuer in any Program Agreement being true and correct in all material respects when made.

5.3 Liabilities

Except as provided in Section 5.6,

(a) the Manager will not be liable for any liabilities of the Issuer; and

(b) subject to the payment priorities specified in the Program Agreements, the Issuer agrees to indemnify, defend and hold harmless the Manager from and against any and all liabilities which may be imposed on, incurred by or assessed against the Manager as a result of any act or omission of the Issuer or the Manager under this Agreement or under any Program Agreement; provided that this Section 5.3(b) does not apply to the extent that in any circumstances there has been wilful misconduct or gross negligence of the Manager or its respective officers, employees or agents or any failure to comply with the standard of care required under Section 5.1.

To the extent that a liability is attributable solely to a single Series or a number of specific Series of Issuer Funding Obligations, the Manager will first exhaust its recourse against the assets available for recovery of such liability and designated to such Series of Issuer Funding Obligations. If such assets are insufficient to satisfy the indemnity set out in this Section 5.3, or if the liability is not attributable to a single Series or a number of specific Series of Issuer Funding Obligations, the liability will be satisfied on a pro rata basis as among the assets available for recovery of such liability and designated to all Issuer Funding Obligations.

Each party expressly disclaims any intention to create a partnership, and neither the Issuer nor the Manager will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

5.4 Compensation of the Manager

In consideration of and as compensation for all services provided and duties performed by the Manager pursuant to this Agreement, the Issuer will pay to the Manager, subject to the payment priorities specified in the Program Agreements, the Management Fees. The Management Fees are exclusive of any applicable sales taxes and the Issuer shall pay to the Manager the amount of any applicable sales taxes in addition to such fees.

5.5 Compensation of the Issuer

In consideration of the Issuer engaging in the activities contemplated by the Act, the Manager will pay to the Issuer, on a monthly basis, the sum of $10 per month for any month or part thereof that the Issuer is engaged in such activities (the "**Issuer Compensation**"). The Issuer Compensation is exclusive of any applicable sales taxes and the Manager shall pay to the Issuer the amount of any applicable sales taxes in addition to the Issuer Compensation.

The Issuer and the Manager agree that in respect of any month that the Issuer has an amount payable to the Manager under Section 5.4 in an amount that is not less than $10 (plus the amount of any applicable sales taxes on the Issuer Compensation), the Manager's obligation to pay the compensation to the Issuer under this Section will be fully satisfied by way of setting-off $10 (plus the amount of any applicable sales taxes on the Issuer Compensation) of the amount payable by the Issuer to the Manager under Section 5.4 against the Manager's amount payable to the Issuer under this Section.

5.6 Indemnification by Manager

The Manager agrees to indemnify, defend and hold harmless the Issuer from and against any and all liabilities which may be imposed on, incurred by or assessed against the Issuer as the result of any wilful misconduct or gross negligence by the Manager, its officers, employees or agents or any failure to comply with the standard of care required under Section 5.1, provided that the Manager will have the exclusive right to compromise or defend, through counsel selected and retained by the Manager, any such liabilities or related claims at its own expense, which decision will be binding upon the Issuer. It is, however, expressly understood that the Manager is not agreeing to indemnify or hold the Issuer harmless with respect to any of the following:

(a) payments due on Issuer Funding Obligations or other amounts borrowed;

(b) any breach or failure to perform on the part of any other third party under any Program Agreement;

(c) any claim arising out of the assessment of any tax or payments in lieu of tax by a taxing authority against the Issuer;

(d) any amount for which the Issuer agrees to indemnify the Manager hereunder;

(e) any liability of the Issuer accruing after the termination of this Agreement unless attributable to the actions or omissions of the Manager prior to such termination;

(f) any losses of the Issuer arising due to risks inherent in the Issuer Investment Interest; or

(g) any statements or certificates provided by the Issuer to the effect that

(i) any Funding Obligation is consistent with the Financing Plan, or

(ii) the estimated Finance Amount that would have become due and payable in any Reference Period is expected to align with the Fair Allocation Amount determined in respect of such Reference Period.

It is further understood that the Manager is not agreeing to indemnify or hold harmless the Issuer Trustee with respect to any liabilities resulting from the failure of the Issuer Trustee to satisfy the standard of care set out in the Declaration of Trust. Where the Manager has assumed total defense of a claim, it shall agree to ensure that any settlement of such claim does not include any form of admission of liability on the part of the Issuer Trustee (in its personal capacity).

The Manager agrees to indemnify, defend and hold harmless the Indenture Trustee from and against any and all liabilities which may be imposed on, incurred by or asserted against the Indenture Trustee as the result of any wilful misconduct or gross negligence relating to the maintenance and custody by the Manager, as custodian, of the Investment Interest Records; provided that (a) the Manager will have the exclusive right to compromise or defend, through counsel selected and retained by the Manager, any such liabilities or related claims at its own

expense, which decision will be binding upon the Indenture Trustee and (b) the Manager shall not be liable for any portion of any liability resulting from the wilful misconduct, bad faith or gross negligence of the Indenture Trustee.

5.7 Contracting with Itself and Affiliates

In the exercise of its rights, duties and obligations, the Manager may, if it is acting in good faith, enter into, as Manager for the Issuer, agreements and other contracts to which the Manager, in its personal capacity, or an Affiliate of the Manager, is a party.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations of the Issuer

The Issuer represents and warrants to the Manager that (a) the execution, delivery and performance by the Issuer of this Agreement are within the powers of the Issuer and have been duly authorized by all necessary action on the part of the Issuer and do not contravene (i) the Program Agreements in effect on the date hereof or (ii) any law or contractual restriction binding on or affecting the Issuer and (b) this Agreement is a legal, valid and binding obligation of the Issuer, enforceable against the Issuer.

6.2 Representations of the Manager

The Manager represents and warrants to the Issuer that (a) the execution, delivery and performance by the Manager of this Agreement are within the powers of the Manager and have been duly authorized by all necessary action on the part of the Manager and do not contravene any law or contractual restriction binding on or affecting the Manager, (b) this Agreement is a legal, valid and binding obligation of the Manager enforceable against the Manager and (c) it is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

ARTICLE 7
TERMINATION AND RESIGNATION

7.1 Termination

The Manager shall not be entitled to resign as manager of the Issuer or to terminate this Agreement for so long as any Funding Obligations remain outstanding. The Manager's rights and obligations under this Agreement (other than under Sections 5.3, 5.4, 5.6 and 8.3) will terminate, if the Manager receives a termination notice from (i) the Issuer Trustee, with the consent of the Indenture Trustee, or (ii) the Indenture Trustee, subject to the terms and conditions of the Indenture, in each case, on the 30th day after receipt of such notice. Notwithstanding the foregoing, no termination shall be effective until a replacement manager that satisfies the Rating Agency Condition has been approved and has entered into a management agreement whereby the replacement manager agrees to assume, in substance, the obligations of the Manager hereunder. Upon the termination of its rights and obligations under this Agreement, the Manager will notify the Rating Agencies and, promptly and upon the request of the Issuer, deliver to the Issuer all

records (including Investment Interest Records) in the possession of the Manager relating to the performance of its services hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Appointment of Manager as Attorney-in-Fact

Subject to any Program Agreement, the Issuer hereby irrevocably appoints the Manager as the Issuer's attorney-in-fact during the term of this Agreement, with full authority in the place and stead of and in the name of the Issuer or otherwise, including full power of substitution, from time to time in the Manager's discretion or as required by this Agreement, to take such actions on behalf of the Issuer as the Manager may deem necessary or advisable to comply with or effect the purposes of this Agreement and any Program Agreement including, without limitation, to execute any documents, instruments or certificates in connection therewith, to ask, demand, collect, sue for, recover, compound, receive and give acquittances and receipts for monies due or becoming due to the Issuer or otherwise owed thereto, to receive, endorse and collect any drafts or other instruments, documents and chattel paper in connection therewith, and to file any claims or take any action or institute any proceedings which the Manager may deem necessary or desirable for the collection thereof, or to enforce compliance with the terms and conditions of any Program Agreement.

8.2 Amendments and Waivers

(a) Subject to Section 8.2(b), this Agreement may be amended, supplemented, modified, restated or replaced from time to time by written instrument signed by the Issuer and the Manager. The Manager will forthwith after the execution of any such instrument by the Issuer and the Manager provide the Rating Agencies with a copy of such instrument.

(b) No provision of this Agreement may be amended, supplemented, modified, restated or replaced in any material respect without first obtaining the written consent of the Indenture Trustee in accordance with the Indenture and such amendment, supplement, modification or replacement will only be effective if the Rating Agency Condition has been satisfied.

(c) No waiver of any provision of this Agreement, nor consent to any departure by any party therefrom, shall in any event be effective unless the same shall be in writing and signed by such party and such waiver or consent, if material, will only be effective if the Rating Agency Condition has been satisfied, and then said waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of any party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof.

8.3 Withholding Rights

The parties hereto shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such

payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.4 No Petition

The Manager hereby agrees that it will not, prior to the date that is one year and one day after the termination of the Indenture and payment in full of the Issuer Funding Obligations and any other amounts owed under the Indenture, institute or encourage against the Issuer, or join or acquiesce in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency, winding-up or liquidation proceedings, or other proceedings under any federal or provincial bankruptcy, insolvency or similar law in connection with any obligations relating to this Agreement or any of the other Program Agreements. The foregoing shall not limit the rights of the Manager to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against the Issuer by any Person other than the Manager.

8.5 Notice

All demands, notices and communications hereunder will be in writing (unless otherwise expressly provided herein) and will be personally delivered or transmitted electronically to:

(a) in the case of the Issuer:

■
■
■
■

Email: ■
Attention: ■

(b) in the case of the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario
M5G 1X6

Email: ■
Attention: ■

or such other address or email address as may hereafter by furnished to each of the parties hereto in writing. Notices transmitted by facsimile will be deemed to have been received when delivered (with receipt confirmed).

8.6 Recourse to Issuer Trustee and the Issuer

Nothing contained herein will be deemed to cause the Issuer Trustee to be personally liable for any obligations of the Issuer hereunder, and the Manager will not seek any personal or deficiency judgment in respect of such obligations against the Issuer Trustee in its personal capacity; provided, however, that the foregoing will not in any way affect any rights that the Manager may have hereunder to (a) proceed against any Person with respect to the enforcement of any guarantee of, or collateral security for, payment of such obligations or (b) recover any funds, damages, expenses or costs as a result of fraud or misrepresentation by the Issuer Trustee in its personal capacity. The obligations hereunder are not binding upon the Issuer Trustee except in its capacity as trustee of the Issuer nor will resort be had to the property of the Issuer Trustee except where liability is expressly imposed on the Issuer Trustee in its personal capacity hereunder, but the Issuer Property will be bound hereby.

8.7 Severability

If one or more provision of this Agreement is for any reason whatever held invalid, such provision will be deemed severable from the remaining covenants, agreements and provisions of this Agreement and will in no way affect the validity or enforceability of such remaining provisions or the rights of any parties hereto.

8.8 Execution of Counterparts; Electronic Delivery

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.9 Governing Law

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

8.10 Grant of Security Interest to Indenture Trustee

The Manager hereby acknowledges and consents to any mortgage, pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee for the benefit of the Specified Creditors pursuant to the Indenture of any or all of the Issuer's rights hereunder.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

■, by its sole trustee ■
as Issuer

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC.
as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

■
as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

ANNUAL COMPLIANCE CERTIFICATE

TO: ■, (the "**Issuer Trustee**") in its capacity as issuer trustee of ■ (the "**Issuer**")

Ontario Power Generation Inc., as manager (the "**Manager**") appointed by the Issuer Trustee under the Management Agreement dated ■, 2017 between the Issuer Trustee and the Manager, and acknowledged and accepted by the Indenture Trustee (as amended, supplement, modified, restated or replaced from time to time, the "**Management Agreement**"), confirms, on behalf of the Issuer, the following:

(a) The books and records of the Issuer maintained by the Manager are current and accurate in all material respects.

(b) All debt obligations and expenses due and payable by the Issuer have been paid to date.

(c) All required filings with tax and regulatory authorities have been completed to date.

(d) All material statements and reports to be delivered by the Issuer under the Program Agreements have been delivered and all material statements and reports to be received by the Issuer under the Program Agreements have been received.

Capitalized terms used but not defined herein have the meanings given to them in the Management Agreement.

Dated this ■ day of ■, ■.

ONTARIO POWER GENERATION INC.
as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

DRAFT: OCTOBER 12, 2017

[TRUST COMPANY]

as Issuer Trustee of

■

DECLARATION OF TRUST

Made as of ■, 2017

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THIS DECLARATION OF TRUST is made as of ■, 2017 by ■, a trust company established under the laws of **[Canada]** (the "**Issuer Trustee**").

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers (as defined below);

AND WHEREAS the Issuer Trustee has determined, at the request of OPG, to establish a Trust (as defined below) for the purpose of carrying on the activities of a financing entity (as defined in the Act) as hereinafter described for the benefit of the Unitholders (as defined below);

NOW THEREFORE the Issuer Trustee hereby declares that it holds in trust as trustee the sum of TEN DOLLARS ($10.00) now contributed by it and all property of every nature and kind which it may acquire in its capacity as trustee of the Trust, and all income therefrom, for the benefit of the Unitholders, in accordance with and subject to the provisions of this Declaration of Trust.

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Declaration of Trust, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the Recitals.

"**Adjusted Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Affiliate**" means, with respect to any specified Person, any other Person controlling, controlled by or under common control with such specified Person and, for the purposes of this definition, "**control**" means, in respect of any specified Person, the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement to be entered into between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance, the Indenture Trustee and the Trust.

"**Claim**" has the meaning ascribed thereto in Section 7.3.

"**Dealer**" means one or more Persons (other than the Issuer Trustee or the Manager) who have entered into an agreement with the Trust for the purpose of facilitating the sale and distribution of Funding Obligations.

"**Declaration of Trust**" means this declaration of trust.

"**Designated Beneficiary**" has the meaning ascribed thereto in section 3.6.

"**Eligible Investments**" means investments permitted to be made by the Trust under the Indenture.

"**Excess Income on Redemption**" has the meaning ascribed thereto in subsection 11.1(2).

"**Funding Obligation**" means a payment obligation incurred by or on behalf of the Trust to fund its ownership of an Investment Interest or a payment obligation that meets such other criteria as may be prescribed by the Regulations.

"**GAAP**" or "**generally accepted accounting principles**" means generally accepted accounting principles in Canada.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**Hedging Agreement**" means any agreement evidencing an interest rate swap transaction, forward rate transaction, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction or any other similar transaction or any combination of these transactions, in each case, entered into by the Trust in connection with or related to, and at the time of or prior to, the issuance of Funding Obligations or acquisition of Investment Interests by the Trust in accordance with and subject to the terms of the Program Agreements.

"**IESO**" means the Independent Electricity System Operator.

"**Income of the Trust**" for any taxation year of the Trust means the net income for the year determined pursuant to the provisions of the ITA having regard to the provisions thereof which relate to the calculation of income for the purposes of determining the "taxable income" of a trust, without reference to paragraph 82(1)(b) and subsection 104(6) thereof, less any non-capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year, and taking into account such other adjustments as may be determined in the discretion of the Issuer Trustee; provided, however, that capital gains and capital losses will be excluded from the computation of net income.

"**Indenture**" means the master trust indenture to be entered into between the Trust and the Indenture Trustee.

"**Indenture Trustee**" means ■, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of Specified Creditors under the Indenture.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Issuer Trustee**" means ■ and any successor thereto appointed pursuant to Article 6.

"**ITA**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder.

"**Management Agreement**" means the management agreement dated the date hereof between the Manager and the Trust.

"**Manager**" means OPG, in its capacity as manager appointed under the Management Agreement to administer the Investment Interests and perform such other duties assigned to it thereunder.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement to be entered into by and between the Trust and the IESO, and acknowledged and accepted by the Indenture Trustee.

"**Net Realized Capital Gains of the Trust**" for any taxation year means the amount, if any, by which the aggregate amount of the realized capital gains of the Trust for the year, calculated in accordance with the provisions of the ITA, exceeds the aggregate of: (i) the aggregate amount of any realized capital losses of the Trust for the year, calculated in accordance with the provisions of the ITA; and (ii) the amount determined by the Issuer Trustee in respect of any net capital losses of the Trust carried forward from prior taxation years that are deductible in the taxation year; provided that in the discretion of the Issuer Trustee, the Net Realized Capital Gains of the Trust for a taxation year may be calculated without subtracting the full amount of the net capital losses of the Trust carried forward from prior years.

"**Net Realized Capital Gains of the Trust Allocated on Redemption**" has the meaning ascribed thereto in subsection 4.1(5).

"**New Holder**" has the meaning ascribed thereto in subsection 3.6(1).

"**OPG**" means Ontario Power Generation Inc.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Government Authority.

"**Program Agreements**" means the Indenture, each Supplemental Indenture, this Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, the Change of Law Protection Agreement and any

hedging agreements, credit enhancement agreements, loan agreements, subordinated loan agreements, security agreements and Underwriting Agreements in effect at such time and all other documents and certificates delivered in connection therewith.

"**Rating Agencies**" means, at any time, the credit rating agencies which at the request of the Trust are rating the Funding Obligations at such time.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture.

"**Records**" means all contracts, books, records and other documents and information, including, without limitation, data and information, including any stored on computer-related or other electronic media, computer programs, data processing software and related property and rights, maintained with respect to, but solely to, the assets of the Trust.

"**Redemption Price**" has the meaning ascribed thereto in subsection 4.1(3).

"**Regulations**" means the regulations promulgated under the Act.

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act.

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture.

"**Supplemental Indenture**" means any supplemental indenture to the Indenture.

"**Transfer**" has the meaning ascribed to the term "transfer" in the Act.

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to the Master Transfer and Servicing Agreement and delivered pursuant to such Program Agreement.

"**Trust**" means ■, a trust established under the laws of the Province of Ontario pursuant to this Declaration of Trust.

"**Trust Activities**" means the activities of the Trust described in Section 2.1.

"**Trust Company**" means a federally or provincially established trust company licensed to carry on business in all provinces and territories of Canada and which is resident in Canada for purposes of the ITA.

"**Trust Property**" means, as of any particular time, all assets of the Trust and all property, real, personal or otherwise, tangible or intangible, which have been transferred, conveyed or paid to, or acquired by the Trust, including all income, earnings, profits and gains therefrom, and which at such time are owned or held by the Trust.

"**Underwriting Agreement**" means any underwriting, agency or other agreement providing for the sale and distribution of Funding Obligations by one or more Dealers.

"**Unitholders**" means at any time, the holders at such time of one or more Units, and "**Unitholder**" means any such holder.[1]

"**Units**" means the units of beneficial interest of the Trust authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof.

1.2 Interpretation

In this Declaration of Trust, unless otherwise expressly stated or the context otherwise requires:

(a) references to "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Declaration of Trust and not to any particular Article or Section of this Declaration of Trust;

(b) references to an "Article" or "Section" are references to an Article or Section of this Declaration of Trust;

(c) words importing the singular shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders;

(d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;

(e) the words "includes" and "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(f) references to any Person include such Person's successors and permitted assigns;

(g) any reference to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all amendments made to such statute, regulation, policy, rule or instrument and to any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;

(h) any reference to this Declaration of Trust or any other agreement, document or instrument shall be construed as a reference to this Declaration of Trust or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated or supplemented;

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[1] Note: It is proposed that a single unit of the Trust will be issued to the Indenture Trustee (in addition to units to OPG or a subsidiary of OPG) in order to ensure that OPG or a subsidiary of OPG does not have the capability to cause the Trust to be wound-up.

(i) in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day; and

(j) unless otherwise specified, all references to "$" or "dollars" are to lawful currency of Canada.

1.3 Accounting Principles

Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Declaration of Trust, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as the Issuer Trustee otherwise determines, be made in accordance with GAAP applied on a consistent basis.

1.4 References to Acts of the Trust

For greater certainty, where any reference is made in this Declaration of Trust to an act to be performed or not by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to either (i) the Trust; or (ii) the Issuer Trustee, such reference will be construed and applied for all purposes as if it referred to an act to be performed by or not, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty by or with respect to, the Issuer Trustee in its capacity as trustee of the Trust, and not in any other capacity.

ARTICLE 2
THE TRUST

2.1 Purpose and Activities of the Trust

The purpose of the Trust is to establish and carry on activities for the exclusive benefit of the Unitholders and to distribute the Trust Property upon termination of those activities by the Trust in accordance with Article 11. The Trust is permitted to engage in any activity, undertaking, transaction or event authorized or permitted by the Act (the "**Trust Activities**"), including:

(a) issuing Units;

(b) redeeming Units;

(c) acquiring, owning, holding, administering or entering into agreements regarding the acquisition and servicing of Investment Interests, along with certain other related assets;

(d) managing, selling, assigning, pledging and collecting amounts due on or otherwise deal with Investment Interests and the other related assets to be so acquired in accordance with the terms of the Program Agreements;

(e) negotiating, authorizing, executing, delivering, assuming the obligations under, and performing its duties under, the Program Agreements and any other agreement or instrument or document relating to the activities set forth in clauses (c) and (d) above; provided, that the Trust shall be permitted to incur additional indebtedness or other liabilities payable to service providers and trade creditors in the ordinary course of business in connection with the foregoing activities;

(f) filing with any applicable securities commission one or more prospectuses, offering memoranda or registration statements, and filing such applications, reports, irrevocable consents, appointments of attorney for service of process and other papers and documents necessary or desirable to register one or more series of Funding Obligations under the securities laws of any applicable jurisdiction;

(g) authorizing, executing, delivering, issuing and registering one or more series of Funding Obligations;

(h) making payments on the Funding Obligations;

(i) pledging its interest in Investment Interests and related assets to the Indenture Trustee in order to secure the Funding Obligations; and

(j) engaging in any lawful act or activity and exercise any powers permitted to trusts formed under the laws of the Province of Ontario that, in each case, are incidental to, or necessary, suitable or convenient for the accomplishment of the above-mentioned purposes.

The Trust shall engage only in any activities related to the foregoing purposes or required or authorized by the terms of the Program Agreements or other agreements referenced above.

2.2 Limitation on Certain Activities

Notwithstanding any other provision of this Declaration of Trust or the Management Agreement, at any time that any Funding Obligations remain outstanding, the consent of the Indenture Trustee shall be required for the Trust to:

(a) take any action to wind-up or dissolve the Trust; or

(b) institute any voluntary proceedings to be adjudicated bankrupt or insolvent, or consent to the institution of any bankruptcy or insolvency proceedings against it, or file a petition seeking or consent to any assignment, petition, application or proceeding under any applicable bankruptcy or insolvency law, or consent to the appointment of a receiver, liquidator, assignee, trustee or other similar official of the Trust or a substantial part of its property, or make any assignment for the benefit

of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any similar action in respect of the Trust.

2.3 Name and Head Office

The English form of the name of the Trust is "■" and the French form of the name of the Trust is "■". The Trust may use and may be legally designated by either the English form or the French form of its name. Should the Issuer Trustee determine that the use of such name is not practicable, legal or convenient, it may use such other designation or adopt such other name for the Trust as it deems proper and the Trust may hold property and conduct the Trust Activities under such other designation or name. The head office, chief executive office, chief place of business and situs of administration of the Trust will initially be situated at the offices of the Issuer Trustee situated at **[*address of Issuer Trustee*]**.

2.4 Nature of the Trust

The Trust is an unincorporated open-ended unit trust established for the purposes specified in Section 2.1. The Trust shall be governed by the general law of trusts, except as such general law of trusts has been or is from time to time modified, altered or abridged for the Trust by:

(a) applicable laws and regulations or other requirements imposed by applicable securities or other regulatory authorities, including the Act and Regulations; and

(b) the terms, conditions and trusts set forth in this Declaration of Trust.

The beneficial interest and rights generally of the Unitholders in the Trust shall be limited to the right to participate in distributions when and as declared by the Issuer Trustee and distributions upon the termination of the Trust. The Trust is not and is not intended to be, shall not be deemed to be and shall not be treated as a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company nor shall the Issuer Trustee or the Unitholders or any of them for any purpose be, or be deemed to be treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The Issuer Trustee shall not be, or be deemed to be, an agent of the Unitholders. The relationship of the Unitholders to the Issuer Trustee, to the Trust and to the Trust Property shall be solely that of beneficiaries in accordance with this Declaration of Trust.

2.5 Rights of Unitholders

No Unitholder shall be entitled to call for any partition or division of the Trust Property or for a distribution of any particular asset forming part of the Trust Property or of any particular monies or funds received by the Issuer Trustee. The legal ownership of the Trust Property and the right to conduct the activities of the Trust are vested exclusively in the Issuer Trustee, and no Unitholder has or is deemed to have any right of ownership in any of the Trust Property, except as specifically provided herein. Except as specifically provided herein, no Unitholder or Unitholders shall be entitled to interfere with or give any direction to the Issuer Trustee with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Issuer Trustee under this Declaration of Trust. The Units shall be personal property and shall

confer upon the holders thereof only the interest and rights, and impose upon the holders thereof only those liabilities and obligations, specifically set forth in this Declaration of Trust.

ARTICLE 3
UNITS

3.1 Nature of Units

The beneficial interests in the Trust shall be divided into a single class of Units. Each Unit represents an equal undivided beneficial interest in any distributions by the Trust, whether of Income of the Trust, Net Realized Capital Gains of the Trust (other than Net Realized Capital Gains of the Trust Allocated on Redemption to redeeming Unitholders), or other amounts, and, in the event of termination or winding up of the Trust, in the net assets of the Trust remaining after satisfaction of all liabilities. All Units rank equally among themselves and rateably without discrimination, preference or priority. Each Unit will entitle the Unitholder of record thereof to one vote at all meetings of the Unitholders or in respect of any written resolution of the Unitholders. Each Unit, when issued, shall vest indefeasibly in the holder thereof.

The number of Units which the Trust may issue is unlimited. The issued and outstanding Units may be subdivided or consolidated from time to time by the Issuer Trustee without notice to or approval of the Unitholders. Unless the Issuer Trustee determines otherwise, immediately after any *pro rata* issuance of additional Units to all Unitholders pursuant to subsection 11.3(3), the number of outstanding Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Units as such holder held before the issuance of additional Units.

3.2 Consideration of Units

A Unit will not be fully paid until the consideration therefor has been received in full by or on behalf of the Trust. The consideration for any Unit will be paid in money or in property (including, without limitation, a debt instrument issued to the Trust) or in past services received by the Trust that are not less in value than the fair equivalent of the money that the Trust would have received if the Unit had been issued for money. In determining whether property or past services are the fair equivalent of consideration paid in money, the Issuer Trustee may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Trust. In no case will a Unit be issued to a Designated Beneficiary.

3.3 No Pre-Emptive Rights

No Person shall be entitled, as a matter of right, to subscribe for or purchase any Units of the Trust. There are no pre-emptive rights attaching to the Units.

3.4 Fractional Units

If as a result of any act of the Issuer Trustee hereunder, any Person becomes entitled to a fraction of a Unit, such Person will not be entitled to receive a certificate therefor. Fractional Units will not, except to the extent that they may represent in the aggregate one or more whole Units,

entitle the holders thereof to notice of or to attend or to vote at meetings of the Unitholders. Subject to the foregoing, such fractional Units will have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit.

3.5 Allotment and Issue

Subject to Section 3.6, the Issuer Trustee may allot and issue Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of the Trust in Units) and to such Person, Persons or class of Persons as the Issuer Trustee in its sole discretion will determine. The price or the value of the consideration for which Units may be issued and the terms and conditions of issuance of the Units will be determined by the Issuer Trustee in its sole discretion. Not restricting the generality of the foregoing, the Issuer Trustee may accept amounts received from a Unitholder as a prepayment in respect of the obligation of the Unitholder to pay all or any part of the subscription price of Units to be issued at a later date by the Issuer Trustee. In such circumstances, such prepayment will form part of the Trust Property. In the event that Units are issued in whole or in part for a consideration other than money, the resolution of the Issuer Trustee allotting and issuing such Units will express the fair equivalent in money of the other consideration received.

3.6 Prohibited Issuances and Transfers

(1) Notwithstanding any other provision in this Declaration of Trust, at no time, may Units be issued or transferred to a Person who would be a "designated beneficiary" within the meaning of Part XII.2 of the ITA ("**Designated Beneficiary**"), and the Issuer Trustee will not accept a subscription for Units from, or issue or register a transfer of Units to, a Person unless the Person provides a declaration to the Issuer Trustee that it would not be a Designated Beneficiary and covenants to maintain such representation true for as long as it continues to hold one or more Units. If, notwithstanding the foregoing, the Issuer Trustee determines that a Person has purported to become or remain a Unitholder in breach of the above mentioned declaration or covenant, or if the Unitholder fails to provide, upon request, a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, (i) the Issuer Trustee will require such Person to dispose of the Units within a specified period not to exceed 60 days to a Person who does not contravene the above mentioned limitation on ownership ("**New Holder**"), and (ii) effective immediately prior to the breach, such Person will be deemed to have ceased to be a holder of such Units, the voting and distribution rights attached to such Units will be suspended and such Units will be deemed not to be outstanding until acquired by a New Holder (provided that holders of other Units will not be entitled to any portion of the distributions that may have been paid in respect of Units that have been so deemed not to be outstanding) and such Person's rights in respect of such Units will be limited to receiving the net proceeds of the sale thereof. If such Person has not, within such period, sold such Units or provided the Issuer Trustee with a declaration in form and content satisfactory to the Issuer Trustee that it is not a Designated Beneficiary, the Issuer Trustee may sell such Units on behalf of such Person (and the Issuer Trustee will have the power of attorney of such Person to do so), and such Person's rights in respect of such Units will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

(2) Subject to this section 3.6, and until the Issuer Trustee will have been required to do so under the terms hereof, the Issuer Trustee will not be bound to do or take any proceeding or action with respect to this section 3.6 by virtue of the powers conferred on it hereby. The Issuer Trustee will have the sole right and authority to make any determination required for the administration of the provisions of, or contemplated under this section 3.6, and without limiting the generality of the foregoing, if the Issuer Trustee considers that there are reasonable grounds for believing that a contravention of the above mentioned limitation on ownership has occurred or may occur, the Issuer Trustee will make a determination with respect to the matter. Any such determination will be conclusive, final and binding for the purposes of this section 3.6 except to the extent modified by any subsequent determination by the Issuer Trustee. The Issuer Trustee may require declarations as to whether a Unitholder is a Designated Beneficiary or as to factual information that will enable the Issuer Trustee to determine whether a Unitholder or a prospective transferee of a Unit may be a Designated Beneficiary. In any situation where it is unclear whether Units may be held by a Person who may be a Designated Beneficiary, the Issuer Trustee may exercise its discretion in determining whether such Person is or is not a Designated Beneficiary, and any such exercise by it of its discretion will be binding for the purposes of this section 3.6.

3.7 Liability of Unitholders

No Unitholder of the Trust, in its capacity as such, will incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind, to any Person in connection with: (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii) the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of the Issuer Trustee or any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (iv) any actual or alleged act or omission of the Issuer Trustee or any other Person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Issuer Trustee or such other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); (v) any transaction entered into by the Issuer Trustee or by any other Person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Declaration of Trust); or (vi) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by the Issuer Trustee or by any other Person (except the Unitholders to the extent required by applicable tax laws) on behalf of or in connection with the activities or affairs of the Trust. No Unitholder will be liable to indemnify the Issuer Trustee or any other Person with respect to any such liability or liabilities incurred by the Issuer Trustee or by any such other Person or Persons or with respect to any taxes payable by the Trust or by the Issuer Trustee or any other Person on behalf of or in connection with the Trust. To the extent that any such liabilities of the Unitholders may arise, they will be enforceable only against, and will be satisfied only out of, the Trust Property to the full extent of such liability and the costs of any litigation or other proceedings in which such liability will have been determined, including without limitation, the fees and disbursements of counsel.

ARTICLE 4
REDEMPTION OF UNITS

4.1 Redemption of Units

Each Unitholder will be entitled to require the Trust to redeem at any time and from time to time at the demand of such Unitholder all or any part of the Units held by such Unitholder as follows:

(1) The Unitholder will give notice in writing to the Trust at its head office of its intention to redeem Units and the number of Units to be redeemed.

(2) Upon receipt by the Trust of such notice from the Unitholder to redeem Units, the Unitholder will be entitled to receive, subject to subsection 4.1(3), an amount equal to the aggregate fair market value of such Units immediately before the redemption (the "**Redemption Price**") established by the Issuer Trustee, acting reasonably, payable by certified cheque or via wire transfer of funds.

(3) In the event that the Trust has insufficient funds to make the payment required pursuant to subsection 4.1(2) or such payment is restricted under the terms of the Indenture, the Trust will, subject to compliance with any regulatory requirements, distribute to the redeeming Unitholder *in specie* a proportionate amount of the Trust Property, the fair market value of which, as determined by the Issuer Trustee, acting reasonably, is equal to the Redemption Price. The amount of Net Realized Capital Gains of the Trust Allocated on Redemption as contemplated by subsection 4.1(5) payable in connection with the redemption of Units shall be payable to the Unitholder in kind, and to the extent of the amount thereof, the Redemption Price of the Units being redeemed shall be reduced accordingly (the "**Adjusted Redemption Price**").

(4) Upon satisfaction of the Redemption Price or the Adjusted Redemption Price, as the case may be, the redeeming Unitholder will not be entitled to any rights or benefits, including voting and the right to receive distributions, in connection with the Units redeemed.

(5) Where the Trust distributes Trust Property *in specie* as contemplated in subsection 4.1(3), the Issuer Trustee shall designate and pay to the redeeming Unitholder such part of the Net Realized Capital Gains of the Trust as is realized by the Trust in connection with such in specie distribution, provided that the amount of the Net Realize Capital Gains on the Trust so allocated shall not exceed the amount, if any, by which the Redemption Price of the particular Units being redeemed exceeds the aggregate adjusted cost base of such Units to the Unitholder for the purpose of the ITA immediately before the redemption (the "**Net Realized Capital Gains of the Trust Allocated on Redemption**"). If the total Net Realized Capital Gains of the Trust Allocated on Redemption determined by the Issuer Trustee pursuant to the preceding sentence for all redeeming Unitholders in any taxation year exceeds the Net Realized Capital Gains of the Trust for that year, the Net Realized Capital Gains of the Trust for that taxation year shall be allocated rateably to all redeeming Unitholders for the year based on the Net Realized Capital Gains of the Trust Allocated on Redemption as otherwise determined pursuant to the preceding sentence. The Net Realized

Capital Gains of the Trust Allocated on Redemption designated and paid on the redemption of Units as determined under this subsection shall be deemed to be a distribution of Net Realized Capital Gains of the Trust for the particular taxation year in which the redemption occurs. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the Units are to be redeemed.

ARTICLE 5
RIGHTS AND POWERS OF ISSUER TRUSTEE

5.1 General Rights and Powers

Subject to the specific restrictions and limitations set forth in this Declaration of Trust and notwithstanding the provisions of the *Trustee Act* (Ontario) or any other similar legislation in any jurisdiction, the Issuer Trustee will have, without the necessity of authorization by, and free from any power or control on the part of, the Unitholders, full, exclusive and absolute power, control and authority over the Trust Property and the Trust Activities to the same extent as if the Issuer Trustee were the sole and absolute owner thereof in its own right including, without limitation, such power, control and authority to do all such acts and things as in its sole judgment and discretion are necessary, incidental or desirable for carrying on the Trust Activities in accordance with the Program Agreements with such powers of delegation as may be permitted by this Declaration of Trust, including the right, power and authority to amend this Declaration of Trust subject to and in accordance with the terms hereof and to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary, appropriate or desirable for the transaction of the Trust Activities, including for the administration of the Trust. For greater certainty, the powers of the Issuer Trustee that may be exercised as aforesaid include the powers set forth in Section 5.2 to and including Section 5.18. The enumeration of any specific power or authority in this Declaration of Trust will not be construed as limiting the aforesaid power or authority or any other specific power or authority. Subject only to the express limitations contained in this Declaration of Trust, every discretion or power hereby conferred on the Issuer Trustee is an absolute and uncontrolled discretion or power.

5.2 Acquisition of Assets and Deposit of Funds

Subject to Section 2.1, the Issuer Trustee will have the power to acquire Investment Interests in accordance with the Program Agreements. Subject to compliance with the terms of the Program Agreements, the Issuer Trustee will have the power to deposit any money forming part of the Trust Property with any bank (which bank may be an Affiliate of the Issuer Trustee) licensed under the laws of Canada or any trust company (which includes the Issuer Trustee) licensed under the laws of any province of Canada and to withdraw such deposits in accordance with the Program Agreements. The Issuer Trustee will have no liability for any loss which may occur by reason of the failure of any depository with whom such money has been deposited or for the depreciation of any investment.

5.3 Legal Title and Custody

The Issuer Trustee will have the power to cause any and all Trust Property to be held by and/or registered in the name of any Person.

5.4 Disposition of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to sell, convey, transfer and assign all Trust Property free and clear of any and all trusts hereby established, at public or private sale, for cash or on terms, with or without advertisement and subject to such restrictions, stipulations, agreements and reservations as it may deem proper.

5.5 Management of Trust Property

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to own, manage, use, invest and hold the Trust Property (including, without limitation, the power to make investments in Eligible Investments) and to enter into agreements in respect of the Trust Property or its use including, without limitation, agreements to modify, amend, extend, renew or terminate any grant or agreement relating to the Trust Property and to waive compliance with any of the terms and conditions thereof, all, in each case, without the approval of or notice to the Unitholders.

5.6 Power to Borrow Money and Issue Funding Obligations

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) borrow or in any other manner raise money and to evidence the same by the issuance of Funding Obligations, by private placement, public offering or otherwise;

(b) reacquire or redeem Funding Obligations;

(c) execute and deliver any trust indenture or supplement thereto, security agreement, mortgage, pledge, hypothec, assignment or other instrument to secure Funding Obligations, and amendments, modifications, restatements or replacements thereof, whether by fixed or floating charge or by assignment or by the granting of a security interest, free and clear of any and all trusts hereby established and, in lieu of or in addition to granting any security, to grant to any Person a negative pledge whereby the Issuer Trustee agrees not to encumber any Trust Property and such other covenants as may be consistent with those set out in the Program Agreements or as may otherwise be specified by any applicable Rating Agency in accordance with the foregoing; and

(d) execute and/or deliver any agreement, instrument, certificate, direction or other document necessary or desirable in order to permit or give effect to the provisions of this Section 5.6, including, without limitation, prospectuses, offering

memoranda, regulatory filings, dealer agreements, Underwriting Agreements, subscription agreements, letters of representation, consent letters, and any instruments ancillary thereto.

5.7 Hedging Agreements

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to enter into Hedging Agreements in connection with or related to the borrowing or other raising of money by the Issuer Trustee or the purchase or ownership of Investment Interests, provided that such Hedging Agreements may be entered into only at or prior to the time that such securities are sold, or such borrowing, other raising of money or purchase takes place, as applicable, or as otherwise expressly permitted in the Management Agreement; provided, however, that amendments, modifications or novations of or to a Hedging Agreement may be entered into at any time after the original Hedging Agreement was executed.

5.8 Execution of Instruments

Every deed, transfer, assignment, hypothec, agreement, certificate, direction, instrument, prospectus, or any other document which is necessary or desirable to be executed by the Trust, including, without limitation, any document evidencing Funding Obligations or relating to the issuance of Funding Obligations, will be signed on behalf of the Trust by the Issuer Trustee or its duly appointed agent, including the Manager.

5.9 Facsimile Signatures

The Issuer Trustee may authorize the use of facsimile signatures on the documents evidencing Funding Obligations, provided, however, that where facsimile signatures are so used, documents evidencing Funding Obligations will be manually countersigned or certified by a transfer agent, trustee, registrar or similar Person. If a Funding Obligation contains a printed or mechanically reproduced signature of a Person, the Issuer Trustee may issue the Funding Obligation notwithstanding that the Person has ceased to be a director, officer or signing officer of the Issuer Trustee, and the Funding Obligation will be as valid as if the Person were a director, an officer or a signing officer at the date of its issue.

5.10 Taxes

The Issuer Trustee will have the power to pay all taxes or assessments of whatever kind or nature imposed upon the Issuer Trustee and/or the Trust in connection with the Trust Property or the Trust Activities or upon or against the income from the Trust Activities or any part thereof, to settle and compromise disputed tax liabilities and, for the foregoing purposes, to make such returns and do all such other acts and things as may be deemed by the Issuer Trustee necessary or desirable. The Issuer Trustee will have the power to deduct and remit any taxes which are required by law to be deducted and remitted from any payment made by the Issuer Trustee under any Program Agreements or otherwise.

5.11 Collection

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to:

(a) collect, receive, give receipts for and sue for all sums of money or other property due to the Trust;

(b) consent to extensions of time for payment of, or the renewal of, any securities or obligations of the Trust;

(c) engage or intervene in, prosecute, defend, compound, compromise, abandon or adjust by arbitration or otherwise deal with or settle any actions, suits, proceedings, disputes, claims, demands or things relating to the Trust Property or the Trust Activities;

(d) exercise any and all remedies available to it under any Program Agreements or otherwise, including any power of foreclosure or sale available to the Issuer Trustee at law or pursuant to any agreement and, in connection with any such foreclosure or sale, to purchase or otherwise acquire title to any property and to convey good title thereto free of any and all trusts hereby established, or to take or retake possession of any property secured or unsecured thereunder or such other security;

(e) extend the time, with or without security, for the payment or delivery of any debts or property and to execute and enter into releases, agreements and other instruments; and

(f) pay or satisfy any debts or claims upon any evidence that the Issuer Trustee determines to be sufficient.

5.12 Expenses and Compensation of Issuer Trustee

(a) The Issuer Trustee will have the power to incur and make payment of any charges or expenses which in the opinion of the Issuer Trustee are necessary or incidental to or proper for carrying out any of the purposes of this Declaration of Trust and the Trust Activities, and to pay appropriate compensation or fees from the Trust Property to Persons with whom the Trust has contracted or transacted business including, without limitation, any charges, expenses, compensation or fees payable under or in connection with the Program Agreements.

(b) The Issuer Trustee will be entitled to be paid from the funds of the Trust, without any requirement of a passing of accounts in respect thereof or approval of the Unitholders, such fees as the Issuer Trustee and the Manager may agree to from time to time for its services hereunder and all reasonable expenses, disbursements and advances incurred or made by the Issuer Trustee in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ) until all the duties of the Issuer Trustee under the trusts hereby

created shall be finally and fully performed, except any such expense, disbursement or advance as may arise from or in connection with the dishonesty, bad faith, wilful misconduct, negligence or reckless disregard of any duty or the failure to comply with the standard of care referred to in Section 7.1 by the Issuer Trustee, its officers, employees or agents. All such amounts will be payable at such times as the Issuer Trustee and the Manager may agree from time to time. All such amounts shall be exclusive of any applicable taxes and any applicable taxes shall be paid to the Issuer Trustee in addition to such amounts. Any amount not paid when due shall bear interest at a rate per annum equal to the rate designated by the Issuer Trustee as the then current rate charged by the Issuer Trustee or its successors from time to time to its corporate customers, payable on demand. After default and unless otherwise provided in the Indenture and any documents contemplated thereunder, all amounts so payable and the interest thereon shall be payable out of any funds coming into the possession of the Issuer Trustee or its successors in the trusts hereunder in priority to any payments to other Specified Creditors.

5.13 Allocation

The Issuer Trustee will have the power to determine conclusively whether money or other assets received by the Trust or expenses or disbursements made by the Trust will be charged or credited to income or capital or allocated between income and capital, provided, however, that such determination will not be inconsistent with calculation of income in accordance with the ITA at the time the determination is made.

5.14 Fiscal Year and Form of Accounts

The fiscal year of the Trust will end on December 31. The Issuer Trustee will have the power to determine and from time to time change the method or form in which the accounts of the Trust will be kept, provided such method or form reasonably complies with Canadian generally accepted accounting principles as applicable from time to time.

5.15 Power to Contract

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to appoint, employ or contract with any Person as the Issuer Trustee may deem necessary or desirable for the transaction of the Trust Activities and may transfer assets to such Person and, save and except for such matters as are listed in Section 2.2, delegate to such Person any or all of the discretionary powers given to the Issuer Trustee with respect to the management of the Trust Property. Without in any way limiting the generality of the foregoing, the Issuer Trustee will have the power to:

(a) enter into, execute, deliver, perform the obligations of the Trust under, and grant security as provided for in, the Program Agreements;

(b) appoint, employ or contract with the Manager or any other Person who, under the supervision of the Manager, may, among other things: (i) furnish and supervise or cause to be furnished and supervised the performance of the clerical and administrative services necessary to the administration of the Trust and the Trust

Property including, without limitation, the provision of office space, office equipment and personnel for the performance of such services, property management, administration and servicing, the maintenance of documents, books and Records for the Trust (including those described in Section 8.1), the receipt and disbursement of Trust Property, the servicing and payment of debt and other obligations and generally all matters relating to the obtaining of and the administration and servicing of Trust Property, including, without limitation, as provided in the Management Agreement; (ii) serve as an advisor to the Issuer Trustee, furnish reports to the Issuer Trustee and provide research, economic and statistical data in connection with the Trust Activities; (iii) act as consultant, accountant, correspondent, lender, technical advisor, counsel, broker and dealer, underwriter, fiscal agent, corporate fiduciary, escrow agent, depository, custodian or agent for collection from obligors, loan administrator, appraiser, bank, insurer or insurance agent, transfer agent or registrar or issuing and paying agent for Funding Obligations or in any other capacity deemed by the Issuer Trustee necessary or desirable; (iv) act as attorney or agent in the purchase or sale or other disposition of the Trust Property or the property secured thereby and the handling, prosecution or settling of any claims of the Trust and assist in the performance of such functions necessary in the management of the Trust as may be agreed upon with the Issuer Trustee; and (v) execute and deliver the Program Agreements. For greater certainty, the appointment by the Issuer Trustee of the Manager under the Management Agreement will, where applicable, be deemed to constitute adequate supervision by the Issuer Trustee for purposes of the *Trustee Act* (Ontario) and this Declaration of Trust of any Person thereby engaged in connection with the foregoing activities; and

(c) investigate, select and conduct negotiations with Persons acting in the capacities referred to in Section 5.15(b) and pay appropriate fees to, and enter into appropriate contracts with, employ or retain the services of, any of them in connection with the Trust Property or property secured thereby, other assets and any security related thereto funded, acquired, sold or otherwise disposed of, or committed, negotiated or contemplated to be funded, acquired, sold, or otherwise disposed of in connection with Funding Obligations.

5.16 Indemnification

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power to indemnify or enter into agreements with respect to indemnification with any Person with whom the Issuer Trustee or the Trust deals to such extent as the Issuer Trustee determines necessary or desirable.

5.17 Further Powers

Subject to Section 2.1, the Issuer Trustee will have the power to perform and do all such other acts and things and to execute itself (or have executed by any Person appointed by it pursuant to Section 5.15) all such deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents whatsoever as it deems necessary, proper or desirable

in order to carry on the Trust Activities in accordance with and subject to the Program Agreements notwithstanding that such acts, things, deeds, transfers, assignments, hypothecs, agreements, certificates, directions, instruments or other documents are not herein specifically mentioned. Any determination as to what is necessary, proper or desirable in order to carry on the Trust Activities in accordance with the Program Agreements or otherwise, provided it is made by the Issuer Trustee honestly and in good faith, will be conclusive. Any construction of this Declaration of Trust or the existence of any power or authority hereunder, made honestly and in good faith by the Issuer Trustee upon the advice of counsel, will be conclusive to the extent consistent with the law. In construing the provisions of this Declaration of Trust, there will be a presumption in favour of a grant of power to the Issuer Trustee.

5.18 Auditors

In accordance with and subject to the terms of the Program Agreements, the Issuer Trustee will have the power from time to time to select and appoint and discharge and reappoint an auditor of the Trust in its discretion and to negotiate and fix the fees of any such auditor.

5.19 Defect in Appointment

Notwithstanding anything to the contrary herein contained, no action taken by the Issuer Trustee will be invalid by reason only of any defect that is thereafter discovered in its appointment.

5.20 Status

The Issuer Trustee shall not have the status of bankrupt and shall be resident in Canada for purposes of the ITA.

ARTICLE 6
REPLACEMENT OF ISSUER TRUSTEE

6.1 Resignation of Issuer Trustee

(a) If the Issuer Trustee desires to resign and be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust, it will provide 120 days written notice (or such shorter period of notice as the Unitholders , the Indenture Trustee and the Rating Agencies may agree to) thereof to the Unitholders, the Indenture Trustee and the Rating Agencies provided that no such voluntary resignation shall be effective until a replacement Issuer Trustee acceptable to the Unitholders and the Indenture Trustee has been appointed and has executed a written agreement whereby such replacement Issuer Trustee agrees to assume the obligations of the Issuer Trustee hereunder, under the Program Agreements and under any other contract pursuant to which the Issuer Trustee is obligated.

(b) The Issuer Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Declaration of Trust that is not eliminated within 90 days after the Issuer Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Issuer Trustee becomes aware that it has such a material conflict of interest, it shall provide the Unitholders, the Indenture Trustee and the Rating

Agencies with written notice of the nature of such material conflict of interest. Upon such resignation, the Issuer Trustee shall (subject to Section 6.6) be discharged from its office under this Declaration of Trust. If, notwithstanding the foregoing provisions of this Section 6.1(b), the Issuer Trustee has such a material conflict of interest, the validity and enforceability of this Declaration of Trust and any agreement entered into by the Issuer Trustee shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Issuer Trustee contravenes the foregoing provisions of this Section 6.1(b), the Unitholders, may apply, on notice to the Rating Agencies, to a court of competent jurisdiction for an order that the Issuer Trustee be replaced as Issuer Trustee hereunder.

6.2 Removal of Issuer Trustee

The Issuer Trustee may be removed from its office under this Declaration of Trust by the Unitholders, at any time by notice in writing delivered to the Issuer Trustee not less than 90 days prior to the date that such removal is to take effect.

6.3 Vacancy

In the event of the bankruptcy or insolvency of the Issuer Trustee or the inability of the Issuer Trustee to exercise its duties under this Declaration of Trust, the Unitholders may forthwith terminate the term of office of the Issuer Trustee as trustee and, in such instance, a vacancy will occur. No vacancy (including upon a resignation of the Issuer Trustee pursuant to Section 6.1(b)) shall operate to annul this Declaration of Trust or affect the continuity of the Trust or terminate the appointment of the Manager under the Management Agreement.

6.4 Appointment of New Issuer Trustee

If, pursuant to this Article 6, the Issuer Trustee resigns or a vacancy occurs in the office of the Issuer Trustee for any reason, the Unitholders may by instrument in writing appoint a Trust Company, which either (i) has risk-based capital of at least $50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, has a combined capital and surplus of at least $50,000,000; or (ii) has been approved in writing by each Rating Agency prior to its appointment by the Unitholders, in order to replace the Issuer Trustee. If the Unitholders fails to make such appointment within 60 days of the occurrence of any such resignation, removal or vacancy, then the Issuer Trustee may make an application, on notice to the Rating Agencies, to a court of competent jurisdiction to appoint a successor Issuer Trustee hereunder. If the Issuer Trustee elects not to make such an application, the Unitholders may do so on notice to the Rating Agencies. The expense of any act, document, deed or other instrument or thing required under this Section 6.4 will be satisfied from the Trust Property.

6.5 Merger, Consolidation and Amalgamation

Any company into which the Issuer Trustee may be merged or with which it may be consolidated or amalgamated, or any company resulting from any merger, consolidation or amalgamation to which the Issuer Trustee is a party or any company succeeding to the corporate trust business of the Issuer Trustee will be a successor Issuer Trustee under this Declaration of

Trust without any further action on the part of the Issuer Trustee, provided that such company shall be a Trust Company.

6.6 Vesting in Successor Issuer Trustee

Any successor Issuer Trustee will become vested with all the estates, properties, rights, powers, duties, responsibilities and trusts of its predecessors in the trusts hereunder as if it had been originally named as Issuer Trustee pursuant to this Declaration of Trust. In furtherance of the foregoing, upon written request of the successor Issuer Trustee, the Issuer Trustee ceasing to act will do, make, execute, deliver or cause to be done, made, executed or delivered all such acts, documents, deeds or other instruments and things as may be necessary or desirable in order to more effectively assign, transfer and deliver to, and vest in, the successor Issuer Trustee, upon the trusts herein expressed, all the rights, powers and trusts of, and all property and money held by the Issuer Trustee so ceasing to act. The expense of any act, document, deed or other instrument or thing required under this Section 6.6 will be satisfied from the Trust Property.

6.7 Confidentiality

At all times (including, without limitation, at any time the Issuer Trustee should resign or be discharged from the trusts and powers reposed in or conferred on it by this Declaration of Trust), the Issuer Trustee (or the trustee so resigning and being discharged, as the case may be) will treat as confidential all information relating to the Trust, the Trust Activities and the transactions contemplated by the Program Agreements obtained by it in its capacity as Issuer Trustee.

6.8 Right to Disclose

The Issuer Trustee shall have the right to disclose any information disclosed or released to it if in the opinion of legal counsel to the Issuer Trustee it is required to disclose under any applicable laws, court order or directions of Governmental Authorities or if it is requested by a Rating Agency. The Issuer Trustee shall not be responsible or liable to any party for any loss or damage arising out of or in any way sustained or incurred or in any way relating to such disclosure.

ARTICLE 7
STANDARD OF CARE, LIMITATION OF LIABILITY OF ISSUER TRUSTEE AND OTHER MATTERS

7.1 Standard of Care

The Issuer Trustee will exercise its powers and carry out its obligations hereunder as Issuer Trustee honestly, in good faith and in the best interests of the Trust and the Unitholders and in connection therewith will exercise that degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. To the extent that the Issuer Trustee has delegated or subcontracted the performance of all or a portion of its duties to the Manager as contemplated by Section 5.15, it will be deemed to have satisfied the aforesaid standard of care. Unless otherwise required by law, the Issuer Trustee will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Issuer Trustee will not be required to devote its entire time to the Trust Activities. For greater certainty,

the entering into of any Program Agreement by the Trust and the performance by the Trust of its obligations thereunder will be deemed to be in the best interests of the Unitholders and the Trust.

7.2 Limitation of Liability of Issuer Trustee

The Issuer Trustee has entered into this Declaration of Trust solely in its capacity as trustee of the Trust and not in its personal capacity, and any and all of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations made on the part of the Issuer Trustee herein are made and intended not as personal representations, warranties, undertakings, covenants, indemnities, agreements and other obligations by the Issuer Trustee or for the purpose or with the intention of binding the Issuer Trustee in its personal capacity, but are made and intended for the purpose of binding only the Trust Property or a specific portion thereof. No property or assets of the Issuer Trustee, whether owned beneficially by it in its personal capacity or otherwise (other than the Trust Property), will be subject to levy, execution or other enforcement procedures with regard to any of the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder, and no recourse may be had or taken, directly or indirectly, against the Issuer Trustee in its personal capacity, any Unitholder or any Affiliate, shareholder, director, officer, representative, employee or agent of the Issuer Trustee or any predecessor or successor of the Issuer Trustee with regard to the representations, warranties, undertakings, covenants, indemnities, agreements and other obligations of the Trust or the Issuer Trustee hereunder; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with the wilful misconduct, negligence or the failure to comply with the standard of care referred to in Section 7.1. Notwithstanding any other provision of this Article 7, but subject to the Indenture, each Specified Creditor is entitled to recourse to the Trust Property to satisfy in full the obligations of the Trust to it even if the Issuer Trustee has no right, or only an impaired right, to seek indemnification from the Trust Property or to apply the Trust Property in satisfaction of such obligations.

7.3 Indemnification of the Issuer Trustee

The Issuer Trustee, its directors, officers, agents, representatives and employees will at all times be indemnified and saved harmless out of the Trust Property from and against all claims (including any claim arising out of the assessment of any tax on income by a taxing authority), demands, levies, penalties, suits, losses, actions, causes of action, costs, charges, fees and expenses, damages and liabilities whatsoever, including, without limitation, those arising out of or related to actions taken or omitted to be taken by any agent of the Issuer Trustee, including, without limitation, the Manager, as contemplated hereby, legal fees and disbursements on a substantial indemnity basis and costs and expenses incurred in connection with the enforcement of this indemnity (each, a "**Claim**"), which the Issuer Trustee, its directors, officers, representatives and employees may suffer or incur, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Issuer Trustee or which it sustains or incurs in or about or in relation to the Trust Property and the Trust Activities. Further, the Issuer Trustee will not be liable to the Trust, to any Unitholder or to any other Person for any loss or damage relating to any matter regarding the Trust, including any loss or diminution in the value of the Trust Property. The foregoing provisions of this Section 7.3 do not apply to the

extent that in any circumstances there has been wilful misconduct, gross negligence or the failure to comply with standard of care referred to in Section 7.1 on the part of the Issuer Trustee, its directors, officers, agents, representatives or employees excluding the other parties to the Program Agreements. Notwithstanding any other provision hereof, this indemnity will survive the removal or resignation of the Issuer Trustee, the termination of this Declaration of Trust and the termination of any trust created hereby.

7.4 Reliance upon Advice

The Issuer Trustee may rely and act upon any statement, notice, report or opinion prepared by or any advice received from the Manager or from the auditors, counsel or other professional advisors of the Issuer Trustee and will not be responsible or held liable for any loss or damage resulting from so relying or acting if the Issuer Trustee acted reasonably and in good faith relied upon the advice received and if the professional advisor was aware that the Issuer Trustee was receiving the advice in its capacity as Issuer Trustee. The Issuer Trustee is entitled to be reimbursed from the Trust Property for all costs, charges and expenses it incurs in connection with obtaining any such statement, notice, report, opinion or advice. The Issuer Trustee is entitled to rely and act upon the genuineness and authenticity of any writing submitted to it that it in good faith believes to be genuine.

7.5 Retain Experts

The Issuer Trustee may appoint such agents and employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and shall not be responsible for any misconduct on the part of any of them. The Issuer Trustee may pay remuneration out of the Trust Property for all services performed for it in the discharge of the trusts hereof without taxation for costs or fees of any counsel, solicitor or attorney.

7.6 Reliance on Experts

The Issuer Trustee may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or adviser in relation to any matter arising in the performance of its duties under the Program Agreements.

7.7 Provisions Regarding Liability

Any written instrument creating an obligation of the Issuer Trustee will be conclusively deemed to have been executed by the Issuer Trustee only in its capacity as Issuer Trustee. Any written instrument creating an obligation of the Issuer Trustee will contain a provision to the effect that the obligations thereunder are not binding upon the Issuer Trustee except in its capacity as Issuer Trustee, nor will recourse be had to the property of the Issuer Trustee except in its capacity as Issuer Trustee, but that the Trust Property or a specific portion thereof only will be bound, and may at the request of the Issuer Trustee make specific provision to the foregoing effect and contain any further provisions which the Issuer Trustee may deem appropriate, but the omission of any such provisions will not operate to invalidate any such instrument or to impose liability on the

Issuer Trustee, except as aforesaid. The Issuer Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of its duties hereunder.

ARTICLE 8
RECORDS

8.1 Records to be Kept

The Issuer Trustee will keep or cause to be kept at the head office of the Trust a copy of this Declaration of Trust, a register of Unitholders, minutes of meetings and resolutions of Unitholders, minutes of meetings and resolutions of the Issuer Trustee, and such Records as are by law or good business practice necessary. The Records may be kept at the office of any Person whom the Issuer Trustee has appointed to maintain the same, provided that the Issuer Trustee has access to the Records on one Business Day's notice to such Person.

8.2 Segregation of Assets

The Issuer Trustee shall maintain the Trust Property separate from all other property in its possession.

8.3 Method of Keeping Records

Where this Declaration of Trust requires the Issuer Trustee to cause a Record to be kept, it may be kept in bound or loose-leaf form or by means of a mechanical, electronic or other device.

8.4 Annual Financial Statements

A copy of the annual financial statements of the Trust, signed by the Issuer Trustee, shall be mailed or otherwise made available within 120 days following the end of a fiscal year to which they relate to each Unitholder. The financial statements shall include all information required to be included in annual financial statements of the Trust by applicable laws.

ARTICLE 9
MEETINGS OF UNITHOLDERS AND DECISION OF UNITHOLDERS

9.1 Annual Meeting

There will not be an annual meeting of the Unitholders.

9.2 Other Meetings

The Issuer Trustee will have power at any time to call meetings of the Unitholders at such time and place as the Issuer Trustee may determine. Unitholders holding in the aggregate not less than a majority of the outstanding Units may requisition the Issuer Trustee in writing to call a meeting of the Unitholders for the purposes stated in the requisition. The requisition shall state in reasonable detail the business proposed to be transacted at the meeting and will be sent to the Issuer Trustee at the address of the Issuer Trustee. Upon receiving the requisition, the Issuer Trustee will call a meeting of the Unitholders to transact the business referred to in the requisition. If the Issuer

Trustee does not within 10 days after receiving the requisition call a meeting, any Unitholder who signed the requisition may call the meeting.

9.3 Quorum and Voting

A quorum for any meeting of the Unitholders will be persons present being Unitholders or representing by proxy Unitholders who hold in the aggregate a majority of the total number of outstanding Units. Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy. Each Unit will be entitled to one vote at all meetings of the Unitholders. Any action to be taken by the Unitholders will, except as otherwise required by this Declaration of Trust, or by law, be authorized when approved by a majority of the votes cast at a meeting of the Unitholders. The chairman of any such meeting will not have a second or casting vote.

9.4 Written Resolution

Any business which may be conducted at a meeting of the Unitholders may be approved by a resolution in writing in lieu thereof. Notice of such resolution will be given to all Unitholders and approval of such resolution will be evidenced by the signature on any such resolution or counterpart thereof by the required percentage of Unitholders for the matter to be determined.

ARTICLE 10
AMENDMENT

10.1 Amendment

Subject to Section 2.1 and compliance with the terms of the applicable Program Agreements, the Issuer Trustee may, from time to time, amend, vary, supplement, replace or restate the provisions of this Declaration of Trust without the consent or approval of the Unitholders or any court as follows:

(a) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to ensure compliance with, or to remove any conflicts or other inconsistencies which may exist between any term of this Declaration of Trust and the provisions of, any applicable law in effect from time to time;

(b) to the extent deemed necessary by the Issuer Trustee in good faith to be necessary to make any change or correction in this Declaration of Trust which is a typographical change or correction or which the Issuer Trustee has been advised by legal counsel is required for the purpose of curing any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained herein, or

(c) subject to the satisfaction of the Rating Agency Condition, to the extent deemed necessary or desirable in the sole discretion of the Issuer Trustee to permit or facilitate the carrying on of the Trust Activities, including the accommodation of requests made by the Rating Agencies or regulatory authorities in relation to the issuance of Funding Obligations.

However, any such amendment may be made only if it will not materially adversely affect the interest of any Unitholder, unless that Unitholder has also approved of the amendment in writing. The Issuer Trustee will immediately upon the entering into thereof, provide the Rating Agencies and the Indenture Trustee with a copy of any amendment, variation, supplement, replacement or restatement of this Declaration of Trust.

10.2 Automatic Amendment

Upon the Issuer Trustee ceasing to be a trustee of the Trust, this Declaration of Trust will be automatically amended to delete any reference to the name of the trustee so ceasing to be a trustee of the Trust and to substitute therefor the name of the successor trustee of the Trust. Notice of any change in the Issuer Trustee may be endorsed upon or attached to this Declaration of Trust and signed by the successor Issuer Trustee and every such notice will be sufficient evidence to any Person dealing with the Issuer Trustee under this Declaration of Trust as to the facts to which it relates.

10.3 Supplemental Declaration of Trust

The Issuer Trustee is authorized to execute any supplemental declaration of trust to give effect to amendments to this Declaration of Trust made pursuant to this Article 10. The Issuer Trustee shall not be obligated to enter into any such supplemental declaration if it adversely affects the Issuer Trustee's rights, duties or immunities under this Declaration of Trust or otherwise. No amendment to or amendment and restatement of this Declaration of Trust, whether pursuant to this Article 10 or otherwise, shall be construed as a termination of the Trust or the settlement or establishment of a new trust.

ARTICLE 11
DISTRIBUTION OF TRUST PROPERTY

11.1 Distributions

(1) The Issuer Trustee may declare to be payable and make distributions, from time to time, out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Issuer Trustee may determine, to the Unitholders at the record date for such distribution. The Issuer Trustee may declare such amounts to be payable or authorize such distributions in advance by way of a standing resolution that is effective for a period not exceeding 12 months after the date of the resolution.

(2) Where the Trust proposes to distribute Trust Property in specie to a redeeming Unitholder as contemplated in subsection 4.1(3), and the Issuer Trustee reasonably expects that such in specie distribution will give rise to Income of the Trust and / or Net Realized Capital Gains of the Trust in excess of the amount of the Net Realized Capital Gains of the Trust Allocated on Redemption to the particular Unitholder whose Units are being redeemed (collectively, the "**Excess Income on Redemption**"), the Issuer Trustee shall declare to be payable and make a distribution, on the record date that is one Business Day before the redemption, to Unitholders at such record date in an amount equal to the estimated Excess Income on Redemption. Such distribution will be satisfied by the issuance of additional

Units, or fractions of Units, having a fair market value equal to the amount of such distribution. If the Issuer Trustee is required to deduct or withhold an amount from such distribution, the applicable Unitholder shall make the cash payment described in Section 11.7 to the Issuer Trustee on or prior to the date the distribution.

(3) If the Issuer Trustee declares to be payable or makes a distribution pursuant to subsections 11.1(1) or 11.1(2) without determining the portion of such distribution that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such allocation shall be made pursuant to subsection 11.2(2).

(4) Having regard to the present intention of the Issuer Trustee to make payable to Unitholders all of the Income of the Trust and Net Realized Capital Gains of the Trust for each taxation year so that the Trust will not have any liability for tax under Part I of the ITA in any taxation year (other than alternative minimum tax or taxes payable under the "SIFT trust" rules in the ITA), unless the Issuer Trustee, in its sole discretion determines otherwise, the following amounts will, without any further actions on the part of the Issuer Trustee, be due and payable to the Unitholders of record on the last day in each such taxation year:

(a) an amount equal to the amount, if any, by which the Income of the Trust for such year exceeds the aggregate of (A) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of the Income of the Trust for such year, if any, and (B) the aggregate of the portions of distributions deemed by subsection 11.2(2)(a) to be paid or payable by the Trust out of the Income of the Trust for such year; and

(b) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of (A) any amount of the Net Realized Capital Gains of the Trust Allocated on Redemption for the year payable to redeeming Unitholders pursuant to subsection 4.1(5), (B) the aggregate of the portions of the distributions paid or payable by the Trust which have been determined by the Issuer Trustee to have been payable by the Trust out of Net Realized Capital Gains of the Trust for such year, if any, and (C) the aggregate of the portions of distributions deemed by subsection 11.2(2)(b) to be paid or payable by the Trust out of the Net Realized Capital Gains of the Trust for such year, if any.

Any determinations by the Issuer Trustee not to make a distribution described in this subsection 11.1(4) must be exercised by the Issuer Trustee in writing prior to December 31 of the applicable taxation year.

(5) The proportionate share of each Unit of the amount of any distribution made pursuant to this section will be determined by dividing such amount by the number of issued and outstanding Units on the applicable record date in respect of a distribution pursuant to subsections 4.1(5), 11.1(1) or 11.1(2) and on the last day of the taxation year in respect of a distribution pursuant to subsection 11.1(4). Each Unitholder's share of the amount of any such distribution will be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units owned of record by each such Unitholder on

such applicable record date or the last day of the taxation year, as the case may be, and such Unitholder shall, on such date, be entitled to enforce payment of the Unitholder's share. Subject to subsections 4.1(5) and 11.1(2) and section 11.3, amounts which are payable to Unitholders will be paid in cash.

11.2 Allocation

(1) Subject to subsection 11.2(2), distributions payable to the Unitholders pursuant to Article 11 will be deemed to be distributions of Income of the Trust (including dividends), Net Realized Capital Gains of the Trust, returns of capital of the Trust or other items in such amount as the Issuer Trustee in its absolute discretion determines and will be allocated to the Unitholders in the same proportions as distributions received by the Unitholders.

(2) If the Issuer Trustee has declared to be payable or made one or more distributions in a taxation year pursuant to subsection 11.1(1) without determining the portion of such distributions that is payable out of Income of the Trust, Net Realized Capital Gains of the Trust, capital of the Trust or otherwise, such distributions shall be deemed to be paid or payable out of:

(a) first, the Income of the Trust for such year to the extent, if any, that the Income of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(a)(A);

(b) second, the Net Realized Capital Gains of the Trust for such year to the extent, if any, that the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the amounts in subsection 11.1(4)(b)(A) and 11.1(4)(b)(B); and

(c) as to any balance, the capital of the Trust;

and such amounts will be allocated to the Unitholders in the same proportions as such distributions were received by the Unitholders.

(3) For greater certainty it is hereby declared that any distribution of Net Realized Capital Gains of the Trust will include the non-taxable portion of the capital gains of the Trust which are included in such distribution.

11.3 Payment of Distributions

(1) Distributions to a Unitholder (other than distributions described in subsections 4.1(5) and 11.1(2)) will be made by cash, wire transfer or cheque payable to or to the order of the Unitholder or by such other manner provided for in subsection 11.3(3). The payment, if made by cheque, will be conclusively deemed to have been made upon hand delivery of a cheque to the Unitholder or to its agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at its address set out in the records of the Issuer Trustee unless the cheque is not paid on presentation, or in any other manner determined by the Issuer Trustee in its discretion. The Issuer Trustee may issue a replacement cheque if it is satisfied that the original cheque has not been received or has been lost or destroyed upon being furnished with such evidence of loss, indemnity or other

document in connection therewith that the Issuer Trustee may in its discretion consider necessary.

(2) The Issuer Trustee may, in its sole discretion, transfer temporarily from capital to income within the Trust sufficient cash to facilitate payments of Income of the Trust to Unitholders. A permanent transfer from capital to income may be effected if payments made by and /or expenses of the Trust in any year exceed the aggregate of the net income and Net Realized Capital Gains of the Trust in such year.

(3) Without limiting the generality of the foregoing, a distribution to a Unitholder may be paid (i) by the issuance of additional Units, or fractions of Units having a fair market value equal to the amount of such distribution, (ii) by the issuance of a promissory note for a principal amount equal to the amount of such distribution and/or (iii) *in specie* by the transfer of Trust Property having a fair market value equal to the amount of such distribution, all as may be determined by the Issuer Trustee, acting reasonably. The Issuer Trustee acknowledges and agrees that it will elect to make payment to a Unitholder of the amount of a distribution in the manner described in this subsection 11.3(3) only if it has received prior written notice from the Unitholder that such payment method is acceptable, and the Unitholder makes the cash payment described in Section 11.7 to the Issuer Trustee, which written notice may be revoked in writing by the Unitholder at any time. If the Issuer Trustee elects to make payment of the amount of a distribution by the issuance of a promissory note, such promissory note shall bear interest at a fixed or floating rate, shall be repayable on demand or on the expiry of a stated term, and shall contain such other terms all of which may be determined by the Issuer Trustee such that the fair market value of such promissory note is equal to the amount of the distribution. Any such promissory note or additional Units issued, or Trust Property transferred, by the Trust shall constitute absolute and unconditional payment in full of the distribution and, by becoming a Unitholder, each Unitholder hereby acknowledges that any such note, additional Units or transfer of Trust Property will be accepted by the Unitholder as such absolute and unconditional payment of the distribution payable to the Unitholder.

11.4 Legal Rights

For greater certainty, it is hereby declared that the Unitholders shall have the legal right to enforce payment of any amount to be distributed or payable hereunder at the time such amount is due and payable.

11.5 Income Tax Matters

In reporting income for income tax purposes, the Trust will claim the maximum amount available to it as deductions under the relevant law, unless the Issuer Trustee determines otherwise.

11.6 Designations

In accordance with and to the extent permitted by the ITA, the Issuer Trustee will, in each taxation year, make such designations for income tax purposes in respect of amounts paid or payable or deemed to be paid to the Unitholders for such amounts that the Issuer Trustee considers to be reasonable in all circumstances, including designations relating to taxable dividends received

or deemed to be received by the Trust in the year on shares of taxable Canadian corporations, net taxable capital gains of the Trust in the year and foreign source income of the Trust and foreign taxes in respect of such foreign source income for the year, if any.

11.7 Withholding Taxes

The Issuer Trustee will deduct or withhold from distributions payable to a Unitholder amounts required by law to be deducted or withheld from such Unitholder's distributions, whether such distributions are in the form of cash, a promissory note, additional Units or otherwise. To the extent that any amounts are deducted or withheld from payments described in subsection 11.3(1), such deducted or withheld amounts shall be treated for all purposes as having been paid to a Unitholder in respect of the distribution payable, provided that such deducted or withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority. In the event that the Issuer Trustee makes a distribution described in subsections 4.1(5) or 11.1(2), or elects to pay a distribution in the manner contemplated in subsection 11.3(3), the Unitholder shall provide cash to the Issuer Trustee in amount equal to any required deduction or withholding, which the Issuer Trustee shall forthwith remit to the appropriate taxing authority on behalf of the Unitholder.

ARTICLE 12
TERMINATION OF THE TRUST

12.1 Termination

(a) The Trust will continue in full force and effect for a period of twelve months from the date hereof and thereafter for so long as any Funding Obligations remain outstanding and until the Trust has satisfied all of its obligations under the Program Agreements or otherwise for the purposes of carrying on the Trust Activities. Notwithstanding the foregoing, the Issuer Trustee may, with the unanimous approval of Unitholders, wind-up the affairs of the Trust and terminate the Trust and distribute the Trust Property then remaining to the Unitholders in proportion to the number of Units held by each Unitholder no later than the date that is one day prior to the 21st anniversary of the death of the last surviving lineal descendent of Queen Elizabeth, II of England living at the date this declaration is made.

(b) Subject to Section 12.1(a), the Issuer Trustee may, with the unanimous approval of the Unitholders, wind up the affairs of the Trust and terminate the Trust. To the fullest extent permitted by law, and notwithstanding any duty otherwise existing at law or in equity, the Issuer Trustee shall consider only the interests of the Trust, including its creditors, in acting on the matters referred to in this Section 12.1. On the date the Trust is terminated, the Issuer Trustee will, upon receipt of such releases, indemnities and refunding agreements as the Issuer Trustee may deem necessary for its protection, distribute the remaining Trust Property, after payment of all other obligations of the Trust, in cash or in kind , or partly in each, to the Unitholders in proportion to the number of Units held by each Unitholder

ARTICLE 13
GENERAL

13.1 Irrevocability

The Trust shall be irrevocable.

13.2 Change of Office

The Issuer Trustee may at any time and from time to time during the existence of the trusts hereby created change the head office, chief executive office, chief place of business and situs of the administration of the Trust to another location within Ontario or have such other offices or places of administration within Canada as the Issuer Trustee may from time to time determine is necessary or desirable.

13.3 Execution of Instruments

The Issuer Trustee shall have power from time to time to appoint any Person or Persons on behalf of the Trust either to sign instruments in writing generally or to sign specific instruments in writing.

13.4 Manner of Giving Notice

Except as otherwise permitted herein, any notice required or permitted by the provisions of this Declaration of Trust to be given to a Unitholder or the Issuer Trustee shall be deemed conclusively to have been given if given either by delivery or by prepaid first-class mail addressed to each Unitholder at its address shown on the register of Unitholders or to the Issuer Trustee at the last address provided by the Issuer Trustee for such purpose. Any notice so given shall be deemed to have been given on the day of hand delivery or the day following that on which the notice was mailed.

13.5 Taxation Information

On or before March 30 in each year, or such earlier day as is required by applicable legislation or regulation, the Issuer Trustee will provide to Unitholders who received distributions from the Trust in the prior calendar year such information regarding the Trust required by applicable law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

13.6 Severability

The provisions of this Declaration of Trust are severable and if any provisions are in conflict with any applicable law, the conflicting provisions shall be deemed never to have constituted a part of this Declaration of Trust and shall not affect or impair any of the remaining provisions thereof. If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable

such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

13.7 Governing Law

This Declaration of Trust shall be interpreted and governed by and take effect exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any and all disputes arising under this Declaration of Trust, whether as to interpretation, performance or otherwise, shall be subject to the exclusive jurisdiction of the courts of the Province of Ontario and the Issuer Trustee hereby irrevocably attorns, and each Unitholder shall be deemed to hereby irrevocably attorn, to the exclusive jurisdiction of the courts of such province.

13.8 Language

Les parties aux présentes ont exigés que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en la langue anglaise. The parties hereto have required that this Declaration of Trust and all documents and notices resulting herefrom be drawn up in English.

IN WITNESS WHEREOF the Issuer Trustee has caused this Declaration of Trust to be executed as of the day and year first above written by its duly authorized signatories.

[TRUST COMPANY],
as Issuer Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

From:	Hanslep, Malle (MOF)
To:	Mansoori, Nina; Tobias P. Whitfield (MOF)
Cc:	LEE John -TREASURY; RYFA Ken -TREASURY; "WONG Leslie -LAWDIV"; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS); Thouin, Alena (ENERGY); Tom McKinlay (MAG); "STEPHEN.ASHBOURNE@blakes.com"; "LADAK Lubna -TREASURY"
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Wednesday, October 18, 2017 7:02:03 PM

Hi Nina,

We will be reviewing your comments and mark-up.

On a related point, do you have available yet drafts of any of the other agreements that will be required in connection with a proposed issuance by the financing entity and that we have previously discussed and requested copies of such as a draft supplemental indenture, draft disclosure documents, drafts of other agreements referenced in the master trust indenture to the extent they would be used in or related to an issuance by the Financing Entity etc. The Protection Agreement is proposed to work in the context of these other agreements and this would provide a better context for review by the Province. If they are not yet available, when are they expected to be available?

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 18, 2017 9:53 AM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft

in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt

-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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From:	Mansoori, Nina
To:	Tobias P. Whitfield (MOF)
Cc:	LEE John -TREASURY; RYFA Ken -TREASURY; "WONG Leslie -LAWDIV"; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS); Malle Hanslep (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG); "STEPHEN.ASHBOURNE@blakes.com"; "LADAK Lubna -TREASURY"; Mansoori, Nina
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Wednesday, October 18, 2017 9:54:29 AM
Attachments:	OFHPA - Province Support - Obligor Approval Process(OPG_Torys_CommentsOc....docx Blackline_24337136v1 - 24337136v3.pdf

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:

E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on

behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?

- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM

To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;

(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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Adherence of the Change of Law Protection Agreement to Approved Obligations

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

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

Adherence Condition

The Change of Law Protection Agreement will bind the Province in respect of a Specified Claim if OPG, as financial services manager, delivers a certificate, signed by at least two executive officers of OPG and addressed to one or more third parties (including, without limitation, the Indenture Trustee), confirming that such Specified Claim is covered by the Change of Law Protection Agreement.[4]

Approval Process

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

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

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

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

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

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

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

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

   (b) confirming that:

      (i) the funding obligations (1) will arise under terms and conditions that are "Substantially in the Form" of the Reviewed Documentation applicable thereto; (2) in the opinion of such officers, are reasonably incurred in compliance with the OFHPA, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and

      (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is "Substantially in the Form" of the Reviewed Documentation.

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

Reviewed Documentation

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

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

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

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

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

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

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

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

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

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

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

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

If acceptable, the Province will confirm within **[fifteen (15)]** Toronto business days of receipt of such documents that such reviewed documents shall be the "Reviewed Documentation" for the purposes of the Approval Process; provided that the Province agrees that it will not be entitled to provide input on the Reviewed Documentation other than in its capacity as obligor under the Change of Law Protection Agreement**.**

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

The term "Substantially in the Form" herein means:

(a) with respect to the Reviewed Documentation referred to in (a) to (j), that the covenants of the financing entity are no more onerous in any material respect and there are events of

default that are consistent in all material respects, respectively, with the covenants of the financing entity and events of default contained in the Reviewed Documentation; and

(b) with respect to the Disclosure Document referred to in (k), above, that there are no material differences between the form and substance of the proposed disclosure document and such Disclosure Document complies in all material respects with all securities disclosure requirements relating to the funding obligations subject to distribution thereunder.

Program Maximum

The initial Program Maximum will be determined prior to the initial issuance of the first funding obligation in accordance with this section. The Program Maximum will be based on OPG's forecast of the maximum payment obligations expected to arise under Specified Claims during the next 24 month period, based on and in accordance with the applicable Financing Plan (the "Forecast"). OPG will be required to deliver the Forecast to the Province not less than **[thirty (30)]** Toronto business days prior to the proposed incurrence of the first funding obligations. If the Province agrees that the Forecast is consistent with the Financing Plan and the finance amounts contemplated thereunder for the applicable reference periods are reasonably expected to align with the fair allocation amounts in respect of such reference periods, then the Province will confirm in writing to OPG and the financing entity within **[thirty (30)]** Toronto business days of receipt of the Forecast that it agrees with the Program Maximum.

The Forecast will be updated and delivered to the Province between nine (9) and twelve (12) months prior to the expiry of the then current Forecast, based on and in accordance with the applicable Financing Plan. Upon receiving an updated Forecast, the Province will confirm that the Forecast is consistent with the Financing Plan and the finance amounts contemplated thereunder for the applicable reference periods are reasonably expected to align with the fair allocation amounts in respect of such reference periods. If the Province does not agree with the determination of the Program Maximum, then the Province and OPG will discuss and address any inaccuracies in the Financing Plan to the satisfaction of both parties, and the Program Maximum will be revised within **[thirty (30)]** Toronto business days of receipt of the Forecast. Any determination to revise the Program Maximum will be confirmed by setting out a new Program Maximum in a written notice from the Province to OPG, the delivery of which will be conclusive evidence that such new Program Maximum will apply until further so revised.

On-Going Deliveries to the Province

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

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

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

Upon request, OPG will provide the Province with such additional information and documentation as the Province requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

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

Covenants of OPG

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

(a) OPG will comply and ensure compliance by any financing entity (including as financial services manager) with the OFHPA, the General Regulation and any other enactment related thereto;

(b) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), OPG will not, without the Province's prior written consent, permit any financing entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Specified Claim or exercise any other election or privilege in respect of any Specified Claim, in each case, if as a result the obligations applicable to the Specified Claim under the Change of Law Protection Agreement would be accelerated; and

(c) OPG will ensure that any disclosure (including in any offering document) that refers to or describes the terms, effect or adherence of the Change of Law Protection Agreement will be subject to the prior review and approval of the Province unless that disclosure is substantially in a form previously approved by the Province.

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

Adherence of the Change of Law Protection Agreement to Approved Obligations

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

~~Approval Process~~

Subject to satisfaction of the conditions described under "Adherence Condition"~~,~~ **and "Approval Process"** below, the Change of Law Protection Agreement will apply (without duplication) ~~in respect of the following "Specified Claims" (as defined in the Term Sheet)~~**to all finance amounts** of the applicable financing entity **excluding the following** (collectively, the "~~Approved Obligations~~**Specified Claims**"):

1. ~~repayments[1], other than to the extent that funds are available for payment thereof from one or more committed refinancings or from amounts on deposit in a capital account, finance reserve account or supplemental reserve account or from payment proceeds under a related derivative agreement ("Principal Obligations");~~

2. ~~obligations incurred by the financing entity to pay specified redemption amounts, other than to the extent that funds are available for payment thereof from one or more refinancings or from amounts on deposit in a capital account, finance reserve account or supplemental reserve account or from payment proceeds under a related derivative agreement ("Redemption Obligations");~~

3. ~~interest payable under outstanding indebtedness of the financing entity, other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account, from a funding rebate[2] or from payment proceeds under a related derivative agreement ("Interest Obligations");~~

4. ~~derivative payments due and payable by the financing entity, determined on a net payment basis after the application of any collateral posted or available for posting by or on behalf of the financing entity to or for the benefit of the applicable counterparty, other than to the extent that funds are available for payment thereof from a capital account, finance reserve account or supplemental reserve account or from a funding rebate ("Hedging Obligations");~~

5. ~~other funding costs due and payable by the financing entity and that are not included in 2, 3 or 4, above, other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account or from a funding rebate ("Other Funding Obligations"); and~~

[1] ~~This assumes that repayments will only include scheduled principal amounts, without regard to default and acceleration.~~

[2] ~~Incorporate alternative GA stream, as applicable, in relation to all covered amounts – including interest, derivative payments, other funding costs and expenses contemplated in paras. 3 to 6.~~

6. ~~finance entity expenses, due and payable by the financing entity and that are not included in 2 to 5, above and [other than amounts charged by the Financial Services Manager][3], other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account or from a funding rebate ("Third Party Expense Obligations"),~~

~~but excluding in each case payments due and payable by the financing entity in respect of any contingent obligation of the financing entity to the extent that such payments would in the aggregate exceed the maximum amount specified therefor in the applicable governing document.For greater certainty, the Change of Law Protection Agreement will not apply to any other amount or obligation of the financing entity, including~~ (a) any amounts that are or become payable as a result of the exercise of an option of the financing entity following a Protection Event (e.g., redemption or extension rights), (b) **[amounts required to be deposited by or on behalf of the financing entity into any capital account, finance reserve account or supplemental reserve account][1]**, **and** (c) **[tax liabilities** ~~and (d) contingent payment obligations that exceed the maximum amount therefor specified in the applicable governing document.~~**][2] and (d) INTENTIONALLY DELETED.[3]**

Adherence ~~Conditions~~**Condition**

The Change of Law Protection Agreement will bind the Province in respect of a ~~funding obligation that is an Approved Obligation if:~~**Specified Claim if OPG, as financial services manager, delivers a certificate, signed by at least two executive officers of OPG and addressed to one or more third parties (including, without limitation, the Indenture Trustee), confirming that such Specified Claim is covered by the Change of Law Protection Agreement.[4]**

Approval Process

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

~~[3] Confirm arrangements with OPG.~~

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

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

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

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

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

2. OPG**, as financial services manager,** delivers a certificate, signed by at least two executive officers of OPG and addressed to the Province, not less than ~~•~~**[ten (10)]** Toronto business days prior to the incurrence ~~or any amendment of the funding obligation, setting out the following with respect to the funding obligation~~**of such funding obligations**:

   (a) ~~the following information respecting a funding obligation to be incurred:~~**setting out the material terms of the funding obligations pertaining to principal amount, pricing and third party fees; and**

   ~~(i) in the case of an incurrence of any related Principal Obligation, material details respecting such Principal Obligation, including the amount, timing and conditions of repayments (including any redemption or extension rights), the basis for OPG's expectations regarding the availability of any related refinancings, any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the Principal Obligation, and the rating (if any) contemplated to be attributed to the Principal Obligation;~~

   ~~(ii) in the case of an incurrence of any related Redemption Obligation, material details respecting such Redemption Obligation, including the basis for determining to exercise any right, option or privilege that would result in an obligation to redeem, prepay or pay prior to a scheduled maturity any Approved Obligation, the basis for OPG's expectations regarding the availability of any related refinancings, and any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the Redemption Obligation;~~

   ~~(iii) in the case of an incurrence of any related Interest Obligation, material details respecting such Interest Obligation, including the applicable rate or rates (including default rates) and the timing and any conditions of payments, any required deposits to be made into a finance reserve account or supplemental account or the availability of any funding rebates in order to provide for payment of the Interest Obligation, and the rating (if any) contemplated to be attributed to the Interest Obligation;~~

   ~~(iv) in the case of an incurrence of any related Hedging Obligation, material details respecting such Hedging Obligation, including the counterparty payor(s), the credit ratings (if any) of the payor(s), the anticipated risk or risks to be mitigated by the related derivative agreement, the circumstances in which the~~

~~Hedging Obligation may not achieve such mitigation or be subject to early termination and whether collateral posting requirements will apply;~~

~~(v) in the case of an incurrence of any related Other Funding Obligation and any related Third Party Expense Obligation, material details respecting such obligations, including the payees, the timing and any conditions of payments, and any required deposits to be made into a finance reserve account or supplemental account or the availability of any funding rebates in order to provide for payment of such obligations;~~

~~(vi) in the case of any contingent obligation, material details respecting the contingent obligation of the financing entity under the funding obligation, including the nature and extent of any contingent payment, the circumstances in which the payment may arise and the maximum amount specified therefor in the applicable governing document;~~

~~(b) if an existing funding obligation is to be amended, material details respecting such amendment and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the funding obligation, including regarding the applicable details set forth in (a), above, as the context requires;~~

(b) ~~(c) a statement~~**confirming** that:

(i) the ~~Principal Obligations, Redemption Obligations, Interest Obligations and Hedging Obligations becoming payable under the funding obligation~~**funding obligations** (1) will arise under terms and conditions that are "Substantially in the Form" of the Reviewed Documentation applicable thereto; (2) in the opinion of such officers, are reasonably incurred in compliance with the OFHPA, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; **and**

~~(ii) the Other Funding Obligations and Third Party Expense Obligations becoming payable under the funding obligation (1) will, in the opinion of such officers, be reasonably incurred in compliance with the OFHPA, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (2) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (3) reflect,~~<~~*in all material respects,* >~~arm's length terms and conditions;~~

(ii) ~~(iii)~~ any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is "Substantially in the Form" of the Reviewed Documentation~~; and~~

~~(d) confirmation that if the funding obligation includes any contingent obligation, the applicable governing document for the funding obligation sets forth a maximum amount therefor; and3. the Province has not provided written notice to OPG within • Toronto business days of receiving the certificate specified in 2, above, in respect of a proposed funding obligation stating that the Change of Law Protection Agreement shall not apply in respect of the funding obligation~~.

~~If the Adherence Conditions are satisfied, it will not be necessary for the Province to specifically approve the particular terms, conditions or documentation for the related funding obligations.~~ In connection with an incurrence or amendment of ~~a~~ funding ~~obligation~~**obligations and other related Specified Claims**, OPG may certify to interested third parties ~~that Adherence Condition 2[4] with respect thereto~~**(including, without limitation, the Indenture Trustee) that such Specified Claims are covered by the Change of Law Protection Agreement provided that the Approval Process** has been satisfied **in accordance with this document**. Such certification shall be determinative (regardless of any inaccuracies, incompleteness or other defect in the certificate delivered) and may be relied upon by ~~any addressee~~**all addressees** as conclusive evidence of same.

Reviewed Documentation

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

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

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

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

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

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

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

~~[4] Should this only relate to the certification or also the maximum program and the absence of a negating notice?~~

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

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

(i) the form of any other agreement or instrument under which a ~~Principal Obligation, a Redemption Obligation, an Interest Obligation, a Hedging Obligation or an Other Funding Obligation~~**funding obligation** may arise or be affected~~. For example, any other agreement under which the financing entity incurs a material financial obligation or that affects the Province's subrogation rights and subrogee interests must be provided to the Province and, if accepted, become part of the Reviewed Documentation in the future, such as standby liquidity arrangements or credit enhancement agreements;~~ **;**

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

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

If acceptable, the Province will confirm **within [fifteen (15)] Toronto business days of receipt of such documents** that such reviewed documents shall be the "Reviewed Documentation" for the purposes of ~~Adherence Condition 2(c)~~**the Approval Process; provided that the Province agrees that it will not be entitled to provide input on the Reviewed Documentation other than in its capacity as obligor under the Change of Law Protection Agreement.**

Any proposed **material** changes, additions or supplements to the Reviewed Documentation will be provided to the Province not less than ~~•~~**[fifteen (15)]** Toronto business days prior to any proposed use or such documents becoming effective. Such ~~modified,~~**material** additional or supplemental documentation will only become "Reviewed Documentation" for the purposes of satisfying ~~Adherence Condition 2(c)~~ **the Approval Process** if the Province confirms **the** same ~~not less than • Toronto business days prior to the delivery and effective time of the certificate contemplated in Adherence Condition 2.~~**within [fifteen (15)] Toronto business days of receipt of such proposed material changes, additions or supplements to the Reviewed Documentation.**

~~For the purposes of Adherence Condition 2(c), the~~**The** term "Substantially in the Form" **herein** means:

(a) with respect to the Reviewed Documentation referred to in (a) to (j), ~~above, that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the Approved Obligations, including regarding the amount of the payment obligations or the timing of or circumstances under which related payments are or may become due or accrue~~

~~(including as a result of any default, acceleration, termination, wind up, liquidation or realization), or that would affect the Province's rights of subrogation or interests as a subrogee as a result of performing the Change of Law Protection Agreement with respect to any Approved Obligation~~**that the covenants of the financing entity are no more onerous in any material respect and there are events of default that are consistent** *in all material respects,* **respectively, with the covenants of the financing entity and events of default contained in the Reviewed Documentation; and**

~~(b) with respect to the Reviewed Documentation referred to in (e) to (h), above, and possibly (i) and (j) as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of the obligations arising thereunder and as to the timing, conditions and circumstances in which such obligations may arise, but without regard to the particular financial terms, rates, levels and parameters set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation specify specific requirements, limitations or parameters with respect thereto; and~~

(b) ~~(c)~~ with respect to the Disclosure Document referred to in (k), above, that there are no material differences between the form and substance of the proposed disclosure document and such Disclosure Document ~~and that such proposed disclosure document~~ complies in all material respects with all securities disclosure requirements relating to the ~~Funding Obligation~~**funding obligations** subject to distribution thereunder.

Program Maximum

The **initial** Program Maximum will be determined ~~by the Province~~ prior to the initial issuance of the first funding obligation. ~~In determining the~~ **in accordance with this section. The** Program Maximum~~, the Province~~ will ~~have regard to (but not be bound by)~~**be based on** OPG's forecast of the maximum payment obligations expected to arise under ~~Approved Obligations~~**Specified Claims** during the next ~~[12]~~**24** month period, based on and in accordance with the applicable Financing Plan (the "Forecast"). OPG will be required to deliver the Forecast to the Province not less than ~~•~~**[thirty (30)]** Toronto business days prior to the proposed incurrence of the first funding ~~obligation. The Province will confirm the Program Maximum~~**obligations. If the Province agrees that the Forecast is consistent with the Financing Plan and the finance amounts contemplated thereunder for the applicable reference periods are reasonably expected to align with the fair allocation amounts in respect of such reference periods, then the Province will confirm** in writing to OPG and the financing entity **within [thirty (30)] Toronto business days of receipt of the Forecast that it agrees with the Program Maximum**.

The Forecast will be updated and delivered to the Province ~~[quarterly] thereafter, or more frequently if OPG so elects, to reflect the maximum payment obligations expected to arise under Approved Obligations during the [12] month period immediately following the date~~**between nine (9) and twelve (12) months prior to the expiry** of ~~such updated~~**the then current** Forecast, based on and in accordance with the applicable Financing Plan. Upon receiving an updated Forecast, the Province will ~~determine whether or not~~**confirm that the Forecast is consistent with the Financing Plan and the finance amounts contemplated thereunder for the**

applicable reference periods are reasonably expected to align with the fair allocation amounts in respect of such reference periods. If the Province does not agree with the determination of the Program Maximum, then the Province and OPG will discuss and address any inaccuracies in the Financing Plan to the satisfaction of both parties, and the Program Maximum will be revised **within [thirty (30)] Toronto business days of receipt of the Forecast**. Any determination to revise the Program Maximum will be confirmed by setting out a new Program Maximum in a written notice from the Province to OPG, the delivery of which will be conclusive evidence that such new Program Maximum will apply until further so revised.

On-Going Deliveries to the Province

~~Prior to~~**Promptly after** the ~~initial~~ issuance of ~~any~~ funding ~~obligation by the financing entity, OPG will provide the Province with a copy of the applicable Financing Plan and will promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.~~

~~Not later than • Toronto business days prior to the use or other dissemination by or on behalf of the financing entity of a disclosure document (including any offering circular, prospectus or other investor disclosure statement) respecting a funding obligation that will constitute an Approved Obligation, OPG will provide the Province with a copy of such disclosure document.~~

~~Not later than • Toronto business days prior to the incurrence by the financing entity of a funding obligation that will constitute an Approved Obligation, OPG will provide the Province with a written summary of the final terms and conditions of the proposed funding obligation.Promptly following any incurrence of a funding obligation that constitutes an Approved Obligation or any amendment of such a funding obligation, OPG will be~~**obligations by a financing entity (or an amendment thereof), OPG will** provide the Province with **:**

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

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

Upon request, OPG will provide the Province with such additional information and documentation as the Province requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

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

Covenants of OPG

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

(a) OPG will comply and ensure compliance by any financing entity (including as ~~Financial Services Manager~~**financial services manager**) with the OFHPA, the General Regulation and any other enactment related thereto;

~~(b) OPG will promptly notify the Province of the creation of any funding obligation that OPG determines is not or would not be an Approved Obligation;~~

(b) ~~(c)~~ after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), OPG will not, without the Province's prior written consent, permit any financing entity to exercise any redemption, pre-payment, early termination or extension right in respect of any ~~Approved Obligation~~**Specified Claim** or exercise any other election or privilege in respect of any ~~Approved Obligation~~**Specified Claim**, in each case**,** if as a result the obligations applicable to the ~~Approved Obligation~~**Specified Claim** under the Change of Law Protection Agreement would be accelerated~~, delayed or otherwise affected;(d) if a funding obligation that is incurred includes a contingent obligation, OPG will ensure that the governing document for such funding obligation sets forth a maximum amount in order to limit the possible claim amount thereunder and OPG will ensure that such maximum amount is not increased without the Province's prior written consent~~; and

(c) ~~(e)~~ OPG will ensure that any disclosure (including in any offering document) that refers to or describes the terms, effect or adherence of the Change of Law Protection Agreement will be subject to the prior review and approval of the Province **unless that disclosure is substantially in a form previously approved by the Province**.

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

Document comparison by Workshare Compare on October-18-17 9:41:10 AM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24337136/1
Description	#24337136v1<TorysAtWork> - OFHPA - Province Support - Obligor Approval Process(OPG/Torys'CommentsOctober/16/17)
Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24337136/3
Description	#24337136v3<TorysAtWork> - OFHPA - Province Support - Obligor Approval Process(OPG/Torys'CommentsOctober/16/17)
Rendering set	strikeout-colour

Legend:	
Insertion	
~~Deletion~~	
<~~*Moved from* >~~	
>*Moved to* <	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	84
Deletions	103
Moved from	1
Moved to	1
Style change	0
Format changed	0

Total changes	189

From:	Whitfield, Tobias P. (MOF)
To:	Mansoori, Nina
Cc:	LEE John -TREASURY; RYFA Ken -TREASURY; "WONG Leslie -LAWDIV"; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS); Malle Hanslep (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG); "STEPHEN.ASHBOURNE@blakes.com"; "LADAK Lubna -TREASURY"
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Friday, October 13, 2017 4:47:02 PM
Attachments:	Response to OPG comments on Change of Law Protection Agreement.docx

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in

our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the

expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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[NOTE TO DRAFT: CONFIRM THAT TORYS IS REFERRING TO THE OFA/MOE PROPOSAL FROM SEPTEMBER 27TH.]

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

[There is minimal oversight and input from the Province so long as the pre-agreed scope and parameters are adhered to.]

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence

[The proposal is that basic information regarding an incurrence will be provided to enable the province to (1) understand the nature and scope of the incurrence, to enable the Province to address internal governance considerations and (2) to be satisfied that the proposed incurrences are in-line with the pre-agreed parameters (the "Parameters"). The intention is not to curtail incurrences that follow the pre-agreed approach. The timing of the notice to the Province may be a point of discussion.]

-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
[As the entity running the program, OPG will be expected to provide the province with information sufficient to enable the province to make sure any incurrence falls inside the Parameters. The delivery of a certificate in an agreed form, just prior to the time of the incurrence, is meant to create a brightline test for the financing entity's counterparties to know that, so long as the certificate has been delivered (even if it's inaccurate), the Province will be bound. As you suggest below, any inaccuracy will give rise to considerations between the province and OPG. The delivery of the certificate at the time of an incurrence is considered an important due diligence confirmation for the province.
What is the basis for E&Y expressing a reservation regarding the province having access to underlying information about the "approved obligations", which in turn will define the scope of the

province's own obligations if called upon under the change of law protection agreement (CLPA)?]
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
[Any surety in a similar circumstance would want to know the nature and extent of the obligations incurred and to be incurred. That information is intended to allow the province to ensure compliance with the Parameters. Please provide an alternative proposal that meets OPGs requirements and still provides adequate information for the Province.]
-the negative pledge with respect to the exercise of certain options on the debt
[The idea is that if there is optionality in favour of the financing entity, and the exercise would affect the payment profile under the CLPA, such an exercise following a Protection Event should not affect the Province's payment obligations. In effect, the payment schedule will crystalize and cannot be accelerated or extended once the province becomes obligated to pay, following a Protection Event.]
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement
[The Province needs to understand the overall credit picture of the financing entity since it will become a creditor (through subrogation) if it is called on to perform. Exclusions are narrowly defined and should be minimal in practice.]

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have.
[These checks and balances are in-line with the province not writing a "blank cheque" in relation to future incurrences. Prudent sureties would be expected to exercise diligence - indeed to do less could be evidence of interdependence and non-arm's length terms, which presumably would be unhelpful to E&Y's analysis.] Please also advise if the Province's accountants have reviewed the proposal.
[The Province's accountants are involved in this process and are also reviewing the proposal]

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated.

[The OFHPA will involve very significant and complex financings. The process is intended to provide an appropriate level of third party enquiry given the size and scale of the financing program to the province and in order to ensure the issuances are within the Parameters.] From our perspective, as drafted, OPG will likely have to seek Provincial approval
[No approval is contemplated or expected by the Province, except if the incurrence is outside of the pre-agreed boundaries.] on each debt issuance (which weakens the accounting as discussed above)
[An explanation of the relevant accounting principles that E&Y has expressed concern about would assist the province to understand E&Y'S concerns. Also, a detailed list of any particular troublesome requirements would be helpful, with drafting suggestions as appropriate] [The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself.
[From the dealers' perspective, the three listed requirements (namely, (1) quantum under the program limit (2) delivery of the OPG certificate (3) absence of contrary notice from the Province) can be easily and objectively verified by the dealers. These process requirements should be reflected in the incurrence procedures as a check/balance at the relevant time, given that the province will not otherwise be directly involved in the incurrence process but will be obligated under the CLPA] Setting aside the mechanics of how we get there, the dealers want

comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement.

[As noted above, the three listed requirements can be easily and objectively confirmed by the dealers prior to a closing. inaccuracies or other failures within the certification process will not negate the Province's obligations] We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met.

[As noted, this due diligence check/balance is how the province will ensure the issuances satisfy the Parameters. It is anticipated that the Ministers will see this process as significant to the exercise of their authorities under OFHPA 5(3). Ultimately, the Province will depend on OPG, which is why the delivery of a certificate, without being impugned by an accuracy, is the contemplated adherence condition - rather than making the confirmation of certificate accuracy a condition, which we assume would be unwelcome by the underwriters.] The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.

[The Province wants an actual certificate to be delivered to it (not just the indenture trustee) as part of the closing process. Also, the program limit and failsafe disapproval notice are considered to be important safeguards for the province]

- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.
- [In the case of details not known at the time the OPG certificate is to be delivered (which will be expected to occur close to closing), it should be sufficient to indicate the process by which those details will be finalized. For example, it would be sufficient to say "interest rates to be set on or about [date] based on underwriting syndicate pricing indications".]

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- [The proposal uses the specific defined terms from the OFHPA and regulation, in order to tie back to the statute and appropriately narrow the scope to the obligations that are reasonably known to require protection from the province. Considerable thought has been given to the approach reflected in the province's proposal. The Province wishes to focus on each inclusion that requires the support arrangements, which should then be net of available/free cash flows, set-offs, etc. Please provide specific comments on any specific items of concerns.]
- We'd like to understand the reason OPG's management fees have been excluded. [This is still an open question under consideration.] We assume you do not intend for OPG's

reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? [Under consideration] Please advise why taxes are being excluded?

[CRA does not require/is not entitled by law to the benefit of the protection arrangement. Please explain the logic of the request to include taxes]

- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.

[For the Province's support arrangement to apply to an obligation, the quantum of the obligation must be factored into the program maximum test. if the obligation is a contingent obligation, the province's obligations must be capped so that the amount of the cap can be factored into the program limit test]

- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

[In the interest of time, please provide any other detailed comments you may have on the September 27th version of the proposal as soon as possible]

From:	Anna Strathy
To:	Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS)
Cc:	McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); Malle Hanslep (MOF)
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Thursday, October 12, 2017 9:18:11 AM

I've scheduled a meeting to discuss today at 3:00pm.

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, October 11, 2017 2:33 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Cc: McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please see attached some responses to the Tory's comments drafted by Stephen Ashbourne, for discussion at our meeting.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: October 10, 2017 1:35 PM
To: 'ASHBOURNE, STEPHEN'; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS)
Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

All,

After reviewing OPGs response to the proposed adherence process, we wonder if a discussion of some of the accounting principles that are at issue would be helpful in order for us to consider their

response and our next steps.

Please let us know if this approach makes sense, and perhaps the OFA can put together a meeting in order to discuss these issues.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: September 27, 2017 12:01 PM
To: Donaldson, Mark (TBS); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS)
Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby, as just discussed, here is the revised version of the adherence process description, together with a blackline to the last internal version. Please feel free to call if there is any needed follow-up. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From: Donaldson, Mark (TBS) [mailto:Mark.Donaldson@ontario.ca]
Sent: Friday, September 22, 2017 1:37 PM
To: Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS)

Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); ASHBOURNE, STEPHEN; Hanslep, Malle (MOF)
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Reply to all to get Cindy V. back on this email thread.

Thanks.

From: Whitfield, Tobias P. (MOF)
Sent: September 22, 2017 11:41 AM
To: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; stephen.ashbourne@blakes.com; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please see attached for discussion our draft proposal for an approval process. This proposal significantly fleshes out the issues and the process in much greater detail from the OPG proposal below.

One issue to note in particular is the process relating to the Program Maximum amount, and the proposed timing for addressing approvals relating to that amount.

Once this group has had a chance to review we can schedule a call or compile any comments before getting back to OPG.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: September 20, 2017 3:20 PM
To: Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Katona, Keley (MOF); Donaldson, Mark (TBS); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA) (John.Kim@ofina.on.ca)
Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); stephen.ashbourne@blakes.com; Hanslep, Malle

(MOF)
Subject: FW: Fair Hydro -- Change of Law Assumption Agreement

Please see below an email from OPG's counsel setting out a proposed approval process setting out how the Provincial protection agreement would apply to any set of obligations of the Financing Entity.

We at MOF Legal along with Energy Legal and Stephen Ashbourne are in the process of reviewing their proposal and preparing comments. We will have significant comments and questions about this proposal, but wanted to give everyone a chance to review the OPG proposal so that we can discuss those comments as soon as we are ready to do so.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 19, 2017 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;

(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

TORYS LLP

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From:	Whitfield, Tobias P. (MOF)
To:	Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Anna Strathy; Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); "stephen.ashbourne@blakes.com"; Hresa Gavaris; John Psinas
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Tuesday, October 24, 2017 1:00:27 PM
Attachments:	12917730-v1-Questions (Adherence Conditions).docx

Further to OPG's response to our proposals, please find attached a discussion document drafted by our outside legal counsel Stephen Ashbourne and based on discussions amongst our Provincial legal teams.

This document sets out a number of questions that we need to consider and answer in order to respond to OPG with the Province's position.

A meeting amongst this group would be useful to discuss these issues and to inform a response to OPG.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 18, 2017 9:53 AM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value

in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.

- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle,

John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

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79 Wellington St. W., 30th Floor, Box 270, TD South Tower
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From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle

(MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
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Obligor Approval

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(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

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of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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Confidential legal advice subject to solicitor-client privilege

October 23, 2017

Questions for MOE and OFA to consider regarding OPG's Proposed Adherence Terms

A. Scope of Province's Obligations under the Change of Law Protection Agreement (**CLPA**)

1. On a Protection Event, should the Province become responsible for the payment of taxes (if any) owing by the Financing Entity?

2. On a Protection Event, should the Province become liable to pay amounts owing by the Financing Entity to OPG (e.g., FSM fees and expenses)?

3. On a Protection Event, should all available funds (e.g., funds accumulated in sinking funds) be immediately applied to reduce the amount that the Province would be liable for under the CLPA?

4. Should the Province set a "Protection Agreement Maximum" (previously called the "Program Maximum") that measures and relates only to "principal amounts"? In other words, should the limitation be tied only to principal obligations, while the Province's actual obligations would automatically extend, without specific quantum limits, to the other payment obligations under "funding obligations" (e.g., interest, swaps, standby liquidity commitment fees, servicer fees and expenses)?

5. Is the Province comfortable guaranteeing contingent obligations (e.g., indemnity obligations) of the Financing Entity? If so, should the Province require that such contingent obligations be "capped" within the funding obligation itself or should the exposure of the Province be otherwise limited under the CLPA?

6. Should the Province be required to deposit funds to meet sinking fund or collateral deposits (i.e., deposit obligations incorporated in the financing structure on the basis that the "clean energy" cash flows will service the obligations, rather than the Province), notwithstanding that the Province would have become primarily liable for payment obligations under the CLPA?

B. Adhesion

7. Is the Province okay splitting the maximum exposure limitations and "process-related" matters (see below) into a separate agreement - away from the terms of the agreement under which the Province's payment obligations would bind the Province opposite the Indenture Trustee? OPG proposes this in order to keep the optics of the CLPA as simple and straightforward as possible. In other words, is the Province prepared to leave all of the important details regarding what OPG is supposed to do before incurring an obligation that binds the Province to a side agreement with OPG, that is opaque to the Indenture Trustee and Underwriters at the time a funding obligation is incurred and not requiring any third party to have notice or regard to the Province's requirements?

8. OPG proposes that delivery of an officers' certificate to a third party, in OPG's capacity as FSM, will in and of itself bind the Province under the CLPA. That certificate would simply indicate that the Province is bound under the CLPA with respect to the specified funding obligation. It would not be addressed to the Province (although a pre-closing certificate is contemplated to be delivered to the Province) and the "Protection Agreement Maximum" concept would not be incorporated as a specific condition (other

than to the extent that OPG is bound to the Province under the side agreement with the Province). Is this acceptable to the Province? Does this raise any governance/authority issues for the Province (e.g., limit on incurrence needing to be specifically confirmed at closing? scope of permitted delegation to bind? FAA compliance?)

C. "Protection Agreement Maximum" (formerly "Program Maximum" (**PAM**)

9. OPG proposes that the PAM will be determined based on a mechanical calculation and without any real discretion on the part of the Province to set or object to the PAM. Is this acceptable to the Province?

10. OPG's proposed mechanical process to determine PAM would be based on OPG's 24 month forecast (estimate) of payments to be made by the Financing Entity. So long as that forecast (and any refresh) is consistent with the "Financing Plan" (also prepared by OPG) and is "reasonably expected to align with the fair allocation amount", the Province will be required to accept the PAM based on OPG's forecast – i.e., no discretion to reject or modify the aggregate amount of the Province's commitment initially or from time to time. Is the Province prepared to tie its CLPA obligation automatically to the operation of the OFHPA in this way, without review and with perpetual effect?

11. Is the proposed mechanical link to the OFHPA calculations consistent with the OIC or other governance requirements applicable to the Province's authority to approve the CLPA?

12. Is the initial 24 month forecast period appropriate (e.g., 2.5B x 2 – large)? Is OPG's proposed refresh of the PAM (mechanically tied to the new forecast), 9 to 12 months prior to the end of the 24 month forecast period, appropriate?

D. "Process-Related" Matters

13. Assuming the Province is okay with the arrangements described in question 7, above, we would envision a mechanism where the Province could give the Indenture Trustee notice of a breach (if known) by OPG of the PAM or process-related side agreement, and that such a notice would have the effect of cutting off the application of the CLPA for any future incurrences unless the Province further agrees otherwise. Does the Province agree that this sort of failsafe is essential? Note that OPG's suggestion has been that no pre-incurrence non-adherence/failsafe provision be provided, in order to allow the Province to provide notice that the CLPA will not apply to a pending/proposed incurrence.

14. Does the Province need to contemplate other scenarios where the CLPA would become ineffective in respect of future incurrences, such as:

    a. an OPG change of control

    b. a policy-based determination by a future government

    c. an unanticipated circumstance, such as the incurrence by the Financing Entity of assessed tax liabilities, indemnity payments, "increased costs", rating downgrades, offering disclosure-based claims, defaults under the program,

insolvency of a major counterparty (e.g., swap counterparty or services provider), etc.

d. a discretionary circumstance where the Province decides it no longer wishes to be liable under the CLPA?

We expect that OPG would push back so that any suspension of new obligations by the Province would not hamper OPG's ability to complete an anticipated/needed refinancing.

15. Does the Province have any reservations about letting OPG at any time provide a binding certificate to third parties regarding adherence, which would be determinative of the Province's obligations. What conditions for this sort of certificate would make sense (e.g., preview and consent by the Province)? Does this proposal raise any governance/authority issues for the Province (e.g., scope of delegation; FAA compliance)?

16. If the Province is prepared to be liable for taxes owing by the Financing Entity (see question 1, above), what oversight, assurances, documentation and reporting regarding the potential for entity-level taxes should the Province require (if any)?

17. OPG is proposing that the Province will receive a certificate prior to the Financing Entity incurring a funding obligation, that sets out "the material terms of the funding obligations pertaining to the principal amount, pricing and third party fees". Is that a sufficient amount of detail, or would the Province like to specifically itemize its information expectations, to cover things such as:

    a. details respecting any principal obligation, such as:

        i. the amount, timing and conditions of repayments (including any redemption or extension rights)

        ii. the basis for OPG's expectations regarding the availability of any related refinancings

        iii. any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the principal obligation

        iv. the rating (if any) contemplated to be attributed to the principal repayment of the funding obligation

        v. details respecting any redemption rights, including the nature and conditions applicable to any exercise and OPG's expected basis for determining whether or not to exercise a redemption right, option or privilege;

    b. details respecting interest obligations, such as:

        i. the anticipated interest or discount rate or rates (including default rates)

        ii. the timing/frequency/conditions of coupon payments

iii. any required deposits to be made into a finance reserve account or supplemental account

iv. the availability of any funding rebates in order to provide for payment of interest

v. the rating (if any) contemplated to be attributed to the interest obligation;

c. details respecting any hedging obligation (e.g., interest or FX swaps, options or other derivatives), such as:

i. the name of the counterparty and credit details

ii. the credit ratings (if any) of the payor(s)

iii. the risks sought to be mitigated by the derivative

iv. anticipated circumstances (if any) in which the derivative may not achieve such mitigation or be subject to early termination

v. whether collateral posting requirements will apply;

d. details respecting other funding obligations, such as:

i. the payee

ii. the timing and any conditions of payments

iii. any required deposits to be made into a finance reserve account or supplemental account or the availability of any funding rebates in order to provide for payment of such obligations

iv. in the case of a contingent obligation (e.g., indemnities), the nature and extent of any contingency affecting the payment obligation, the circumstances in which a payment obligation may arise and any specified maximum claim amount

e. assuming that the Province would be liable for capital, reserve or supplementary account deposit obligations (see question 6, above), details respecting the schedule for such deposits and the conditions for the application of such amounts to pay such amounts and the related priorities for application.

18. OPG (and presumably OPG's accountants) is contemplating that the Province will be provided transaction documentation "in substantially final form" and that the Province will not be entitled to provide input "other than in its capacity as obligor under the [CLPA]". In other words, assuming that the CLPA is signed in advance, the Province will have no real opportunity to comment on the forms of transaction documents to be used, and will

have a limited opportunity to "not accept" [1] the documentation. Can the Province live with these limitations?

19. The proposed OPG certificate (pre-incurrence) would include an attestation by OPG regarding the use of pre-reviewed documentation. The test for conformity of the to-be-used documentation, compared to the pre-reviewed documentation, would focus only on whether "the covenants of the Financing Entity are no more onerous in any material respect" and that the "events of default" are consistent "in all material respects". Is the limited scope of this conformity test acceptable, or should it be broadened and cover specific items such as:

    a. no differences in the timing of or circumstances under which payments are or may become due (for example, as a result of any termination, wind-up, liquidation or realization)

    b. no differences that could affect the Province's rights of subrogation or interests as a subrogee

    c. with respect to the anticipated form of series specific documents (as opposed to the upfront terms of program-wide "master" documents), confirming that the variable terms set forth in the proposed documents are as reasonably contemplated in the reviewed forms, having regard to such matters as:

        i. the type of instrument to be issued (i.e., debt (bullet vs. amortizing), equity-linked, pass-through instruments, etc.)

        ii. the scope of the related obligations (e.g., redemption or extension features or other optionality)

        iii. the extent of the related obligations (e.g., limited recourse features, limitations on indemnities, etc.)

        iv. the timing, conditions and circumstances in which payment obligations may arise,

    but making it clear that conformity would not include a comparison to the particular financial terms, rates, levels and parameters of the obligations other than if the reviewed forms specify specific requirements, limitations or parameters.

20. How much time is sufficient for the Province:

    a. to do an initial review of the main transaction documentation (including forms of series-specific documents), which would set the acceptable pattern for future

---

[1] Note that the proposed OPG language is not crystal clear that the Province can reject the reviewed documentation, which we expect is merely drafting, but that will need to be confirmed assuming the Province wishes to work within the OPG/Tory mark-up.

issuances? The proposal is 15 BDs, although that does not seem to make sense given that OPG proposes that the Province must confirm acceptance of the terms within 15 BDs of receipt of the documentation

b. to do a review of any changes to the main transaction documentation (including forms of series-specific documents), which would reset the acceptable pattern for future issuances? The proposal is to receive proposed amendments at least 15 BDs prior to first use, and the Province would confirm acceptance of the terms within 15 BDs of receipt of the documentation

c. to review applicable details of a proposed funding obligation in advance of an incurrence (proposal is 10BDs)?

21. What other items should be incorporated into the timeline from the Province's perspective?

E. Information, Reporting and Other Covenants

22. OPG proposes to provide the Province with an applicable "Financing Plan" only after an incurrence. Does the Province need to see this document as it is issued and changed, rather than only after the time of an incurrence?

23. OPG proposes to provide the Province with any actual offering/disclosure documents only after it is used. Does the Province need to have input into offering/disclosure document before use or dissemination (e.g., the description of the CLPA)?

24. OPG has limited its negative covenant on elections by the Financing Entity following a Protection Event to actions that would accelerate obligations. Should this be broader to cover extensions or other consensual changes that could affect the obligations (e.g., creditor concessions).

F. Parties

25. Will it be sufficient for the CLPA (and any procedural side-letter) to be signed by OPG, acting solely in its capacity as "financial services manager" (i.e., with OPG's liability being limited by the terms of the related management or administrative agreement)? How does this interplay with any other indemnities or exculpatory provisions that the Province is anticipating for OPG (corporate) and its officers?

26. Who from OPG should sign the officer's certificate? The OPG proposal is 2 "executive officers".

27. OPG proposes that a failure to comply with the PAM or "approval process" will not result in any breach. Assuming that OPG is in fact proposing that its failure would have no consequences, including as between the Province and OPG whatsoever, are the process aspects of the OPG proposal even meaningful to the Province?

From:	Whitfield, Tobias P. (MOF)
To:	ASHBOURNE, STEPHEN; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS)
Cc:	McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); Malle Hanslep (MOF)
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Wednesday, October 11, 2017 2:33:30 PM
Attachments:	12915947-v3-Torys comments on Change of Law Protection Agreement (10617)....docx

Please see attached some responses to the Tory's comments drafted by Stephen Ashbourne, for discussion at our meeting.

Toby

Tobias Whitfield
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tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: October 10, 2017 1:35 PM
To: 'ASHBOURNE, STEPHEN'; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS)
Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

All,

After reviewing OPGs response to the proposed adherence process, we wonder if a discussion of some of the accounting principles that are at issue would be helpful in order for us to consider their response and our next steps.

Please let us know if this approach makes sense, and perhaps the OFA can put together a meeting in order to discuss these issues.

Best
Toby

Tobias Whitfield
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Ministry of Finance
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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: September 27, 2017 12:01 PM
To: Donaldson, Mark (TBS); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He,

Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS)
Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby, as just discussed, here is the revised version of the adherence process description, together with a blackline to the last internal version. Please feel free to call if there is any needed follow-up. Regards, Steve

Stephen R. Ashbourne
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From: Donaldson, Mark (TBS) [mailto:Mark.Donaldson@ontario.ca]
Sent: Friday, September 22, 2017 1:37 PM
To: Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS)
Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); ASHBOURNE, STEPHEN; Hanslep, Malle (MOF)
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Reply to all to get Cindy V. back on this email thread.

Thanks.

From: Whitfield, Tobias P. (MOF)
Sent: September 22, 2017 11:41 AM
To: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>

Cc: McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; stephen.ashbourne@blakes.com; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please see attached for discussion our draft proposal for an approval process. This proposal significantly fleshes out the issues and the process in much greater detail from the OPG proposal below.

One issue to note in particular is the process relating to the Program Maximum amount, and the proposed timing for addressing approvals relating to that amount.

Once this group has had a chance to review we can schedule a call or compile any comments before getting back to OPG.

Best
Toby

Tobias Whitfield
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Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: September 20, 2017 3:20 PM
To: Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Katona, Keley (MOF); Donaldson, Mark (TBS); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA) (John.Kim@ofina.on.ca)
Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); stephen.ashbourne@blakes.com; Hanslep, Malle (MOF)
Subject: FW: Fair Hydro -- Change of Law Assumption Agreement

Please see below an email from OPG's counsel setting out a proposed approval process setting out how the Provincial protection agreement would apply to any set of obligations of the Financing Entity.

We at MOF Legal along with Energy Legal and Stephen Ashbourne are in the process of reviewing their proposal and preparing comments. We will have significant comments and questions about this proposal, but wanted to give everyone a chance to review the OPG proposal so that we can discuss those comments as soon as we are ready to do so.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca

Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 19, 2017 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

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[NOTE TO DRAFT: CONFIRM THAT TORYS IS REFERRING TO THE OFA/MOE PROPOSAL FROM SEPTEMBER 27TH.]

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input [THERE IS MINIMAL OVERSIGHT AND INPUT FROM THE PROVINCE SO LONG AS THE PRE-AGREED SCOPE AND PARAMETERS ARE ADHERED TO] on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence [THE PROPOSAL IS THAT BASIC INFORMATION REGARDING AN INCURRENCE WILL BE PROVIDED TO ENABLE THE PROVINCE TO (1) UNDERSTAND THE NATURE AND SCOPE OF THE INCURRENCE, TO ENABLE THE PROVINCE TO ADDRESS ACCOUNTING, REPORTING AND INTERNAL GOVERNANCE CONSIDERATIONS AND (2) TO BE SATISFIED THAT THE PROPOSED INCURRENCES ARE IN-LINE WITH THE PRE-AGREED PARAMETERS (THE "OBJECTIVES"). THE INTENTION IS NOT TO CURTAIL INCURRENCES THAT FOLLOW THE PRE-AGREED APPROACH.]
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt [AS THE ENTITY RUNNING THE PROGRAM, OPG WILL BE EXPECTED TO PROVIDE THE PROVINCE WITH INFORMATION SUFFICIENT TO ENABLE THE PROVINCE TO ACHIEVE THE OBJECTIVES. THE DELIVERY OF A CERTIFICATE IN AN AGREED FORM, JUST PRIOR TO THE TIME OF THE INCURRENCE, IS MEANT TO CREATE A BRIGHTLINE TEST FOR THE FINANCING ENTITY'S COUNTERPARTIES TO KNOW THAT, SO LONG AS THE CERTIFICATE HAS BEEN DELIVERED (EVEN IF IT'S INACCURATE), THE PROVINCE WILL BE BOUND. AS YOU SUGGEST BELOW, ANY INACCURACY WILL GIVE RISE TO CONSIDERATIONS BETWEEN THE PROVINCE AND OPG. THE DELIVERY OF THE CERTIFICATE AT THE TIME OF AN INCURRENCE IS CONSIDERED AN IMPORTANT DUE DILIGENCE CONFIRMATION FOR THE PROVINCE.
WHAT IS THE BASIS FOR E&Y EXPRESSING A RESERVATION REGARDING THE PROVINCE HAVING ACCESS TO UNDERLYING INFORMATION ABOUT THE

"APPROVED OBLIGATIONS", WHICH IN TURN WILL DEFINE THE SCOPE OF THE PROVINCE'S OWN OBLIGATIONS IF CALLED UPON UNDER THE CHANGE OF LAW PROTECTION AGREEMENT (CLPA)?]

-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts) [ANY SURETY IN A SIMILAR CIRCUMSTANCE WOULD WANT TO KNOW THE NATURE AND EXTENT OF THE OBLIGATIONS INCURRED AND TO BE INCURRED. THAT INFORMATION IS INTENDED TO ALLOW THE PROVINCE TO MEET THE OBJECTIVES.]

-the negative pledge with respect to the exercise of certain options on the debt [THE IDEA IS THAT IF THERE IS OPTIONALITY IN FAVOUR OF THE FINANCING ENTITY, AND THE EXERCISE WOULD AFFECT THE PAYMENT PROFILE UNDER THE CLPA, SUCH AN EXERCISE FOLLOWING A PROTECTION EVENT SHOULD NOT AFFECT THE PROVINCE'S PAYMENT OBLIGATIONS. IN EFFECT, THE PAYMENT SCHEDULE WILL CRYSTALIZE AND CANNOT BE ACCELERATED OR EXTENDED ONCE THE PROVINCE BECOMES OBLIGATED TO PAY, FOLLOWING A PROTECTION EVENT.]

-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement [THE PROVINCE NEEDS TO UNDERSTAND THE OVERALL CREDIT PICTURE OF THE FINANCING ENTITY SINCE IT WILL BECOME A CREDITOR (THROUGH SUBROGATION) IF IT IS CALLED ON TO PERFORM. EXCLUSIONS ARE NARROWLY DEFINED AND SHOULD BE MINIMAL IN PRACTICE.]

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. [THESE CHECKS AND BALANCES ARE IN-LINE WITH THE PROVINCE NOT WRITING A "BLANK CHEQUE" IN RELATION TO FUTURE INCURRENCES. PRUDENT SURETIES WOULD BE EXPECTED TO PURSUE THE OBJECTIVES - INDEED TO DO LESS COULD BE EVIDENCE OF INTERDEPENDENCE AND NON-ARM'S LENGTH TERMS, WHICH PRESUMABLY WOULD BE UNHELPFUL TO E&Y'S ANALYSIS.] Please also advise if the Province's accountants have reviewed the proposal. [THE PROVINCE'S ACCOUNTING PROFESSIONALS ARE INVOLVED IN THIS PROCESS, INCLUDING IN REVIEWING THESE RESPONSES]

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. [THE OFHPA WILL INVOLVE VERY SIGNIFICANT AND COMPLEX FINANCINGS. THE PROCESS IS INTENDED TO PROVIDE AN APPROPRIATE LEVEL OF THIRD PARTY ENQUIRY GIVEN THE SIZE AND SCALE OF THE FINANCING PROGRAM TO THE PROVINCE AND IN ORDER TO MEET THE OBJECTIVES] From our perspective, as drafted, OPG will likely have to seek Provincial approval [NO APPROVAL IS CONTEMPLATED OR EXPECTED BY THE PROVINCE, EXCEPT IF THE INCURRENCE IS OUTSIDE OF THE PRE-AGREED BOUNDARIES. THE ONUS WILL BE ON THE PROVINCE TO REVIEW THE SUMMARY MATERIALS PROVIDED BY OPG AND TO IDENTIFY ANY MATERIAL DEPARTURES FROM THE PRE-AGREED APPROACH TO INCURRENCES] on each debt issuance (which weakens the accounting as discussed above) [AN EXPLANATION OF THE RELEVANT ACCOUNTING PRINCIPLES THAT E&Y HAS EXPRESSED CONCERN ABOUT

WOULD ASSIST THE PROVINCE TO UNDERSTAND E&Y'S CONCERNS. IS THERE AN ACCOUNTING STATEMENT OR PUBLICATION THAT ELABORATES ON THESE MATTERS? ALSO, A DETAILED LIST OF ANY PARTICULAR TROUBLESOME REQUIREMENTS WOULD BE HELPFUL, WITH DRAFTING SUGGESTIONS AS APPROPRIATE] [The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. [FROM THE DEALERS' PERSPECTIVE, THE THREE LISTED REQUIREMENTS (NAMELY, (1) QUANTUM UNDER THE PROGRAM LIMIT (2) DELIVERY OF THE OPG CERTIFICATE (3) ABSENCE OF CONTRARY NOTICE FROM THE PROVINCE) CAN BE EASILY AND OBJECTIVELY VERIFIED BY THE DEALERS. THESE PROCESS REQUIREMENTS SHOULD BE REFLECTED IN THE INCURRENCE PROCEDURES AS A CHECK/BALANCE AT THE RELEVANT TIME, GIVEN THAT THE PROVINCE WILL NOT OTHERWISE BE DIRECTLY INVOLVED IN THE INCURRENCE PROCESS BUT WILL BE OBLIGATED UNDER THE CLPA] Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. [AS NOTED ABOVE, THE THREE LISTED REQUIREMENTS CAN BE EASILY AND OBJECTIVELY CONFIRMED BY THE DEALERS PRIOR TO A CLOSING. INACCURACIES OR OTHER FAILURES WITHIN THE CERTIFICATION PROCESS WILL NOT NEGATE THE PROVINCE'S OBLIGATIONS] We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. [AS NOTED, THIS DUE DILIGENCE CHECK/BALANCE IS HOW THE PROVINCE WILL MEET THE OBJECTIVES. IT IS ANTICIPATED THAT THE MINISTERS WILL SEE THIS PROCESS AS SIGNIFICANT TO THE EXERCISE OF THEIR AUTHORITIES UNDER OFHPA 5(3). ULTIMATELY, THE PROVINCE WILL DEPEND ON OPG, WHICH IS WHY THE DELIVERY OF A CERTIFICATE, WITHOUT BEING IMPUGNED BY AN ACCURACY, IS THE CONTEMPLATED ADHERENCE CONDITION - RATHER THAN MAKING THE CONFIRMATION OF CERTIFICATE ACCURACY A CONDITION, WHICH WE ASSUME WOULD BE UNWELCOME BY THE UNDERWRITERS.] The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification. [THE PROVINCE WANTS AN ACTUAL CERTIFICATE TO BE DELIVERED TO IT (NOT JUST THE INDENTURE TRUSTEE) AS PART OF THE CLOSING PROCESS. ALSO, THE PROGRAM LIMIT AND FAILSAFE DISAPPROVAL NOTICE ARE CONSIDERED TO BE IMPORTANT SAFEGUARDS FOR THE PROVINCE]

- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement. [IN THE CASE OF DETAILS NOT KNOWN AT THE TIME THE OPG

CERTIFICATE IS TO BE DELIVERED (WHICH WILL BE EXPECTED TO OCCUR CLOSE TO CLOSING), IT SHOULD BE SUFFICIENT TO INDICATE THE PROCESS BY WHICH THOSE DETAILS WILL BE FINALIZED. FOR EXAMPLE, IT WOULD BE SUFFICIENT TO SAY "INTEREST RATES TO BE SET ON OR ABOUT [DATE] BASED ON UNDERWRITING SYNDICATE PRICING INDICATIONS".]

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered. [THE PROPOSAL USES THE SPECIFIC DEFINED TERMS FROM THE OFHPA AND REGULATION, IN ORDER TO TIE BACK TO THE STATUTE AND APPROPRIATELY NARROW THE SCOPE TO THE OBLIGATIONS THAT ARE REASONABLY KNOWN TO REQUIRE PROTECTION FROM THE PROVINCE. CONSIDERABLE THOUGHT HAS BEEN GIVEN TO THE APPROACH REFLECTED IN THE PROVINCE'S PROPOSAL. THE PROVINCE WISHES TO FOCUS ON EACH INCLUSION THAT REQUIRES THE SUPPORT ARRANGEMENTS, WHICH SHOULD THEN BE NET OF AVAILABLE/FREE CASH FLOWS, SET-OFFS, ETC. PLEASE PROVIDE SPECIFIC COMMENTS ON ANY SPECIFIC ITEMS OF CONCERNS.]
- We'd like to understand the reason OPG's management fees have been excluded. [THIS IS STILL AN OPEN QUESTION UNDER CONSIDERATION.] We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? [UNDER CONSIDERATION] Please advise why taxes are being excluded? [CRA DOES NOT REQUIRE/IS NOT ENTITLED BY LAW TO THE BENEFIT OF THE PROTECTION ARRANGEMENT. PLEASE EXPLAIN THE LOGIC OF THE REQUEST TO INCLUDE TAXES]
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here. [FOR THE PROVINCE'S SUPPORT ARRANGEMENT TO APPLY TO AN OBLIGATION, THE QUANTUM OF THE OBLIGATION MUST BE FACTORED INTO THE PROGRAM MAXIMUM TEST. IF THE OBLIGATION IS A CONTINGENT OBLIGATION, THE PROVINCE'S OBLIGATIONS MUST BE CAPPED SO THAT THE AMOUNT OF THE CAP CAN BE FACTORED INTO THE PROGRAM LIMIT TEST]
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document. [IN THE INTEREST OF TIME, PLEASE PROVIDE ANY OTHER DETAILED COMMENTS YOU MAY HAVE ON THE SEPTEMBER 27TH VERSION OF THE PROPOSAL AS SOON AS POSSIBLE]

From:	Ken Kandeepan
To:	Tobias P. Whitfield (MOF)
Cc:	Veinot, Cindy (TBS); Mark Donaldson (MOF); Mike Manning; Hosick, Sarah (TBS); Malle Hanslep (MOF); Ronald Kwan
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Wednesday, October 11, 2017 11:10:31 AM

Hi Toby

If the main purpose of the meeting is to discuss the accounting principles then I suggest that OPCD schedule same since the OFA's primary focus is on the financing. I am cc'ing Sarah Hosick, Cindy's EA, on the assumption that Cindy agrees with me.

Thanks

Ken k

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, October 10, 2017 1:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Cc: McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

All,

After reviewing OPGs response to the proposed adherence process, we wonder if a discussion of some of the accounting principles that are at issue would be helpful in order for us to consider their response and our next steps.

Please let us know if this approach makes sense, and perhaps the OFA can put together a meeting in order to discuss these issues.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance

tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: September 27, 2017 12:01 PM
To: Donaldson, Mark (TBS); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS)
Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby, as just discussed, here is the revised version of the adherence process description, together with a blackline to the last internal version. Please feel free to call if there is any needed follow-up. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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From: Donaldson, Mark (TBS) [mailto:Mark.Donaldson@ontario.ca]
Sent: Friday, September 22, 2017 1:37 PM
To: Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS)
Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); ASHBOURNE, STEPHEN; Hanslep, Malle (MOF)
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Reply to all to get Cindy V. back on this email thread.

Thanks.

From: Whitfield, Tobias P. (MOF)
Sent: September 22, 2017 11:41 AM
To: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA)

<Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; stephen.ashbourne@blakes.com; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please see attached for discussion our draft proposal for an approval process. This proposal significantly fleshes out the issues and the process in much greater detail from the OPG proposal below.

One issue to note in particular is the process relating to the Program Maximum amount, and the proposed timing for addressing approvals relating to that amount.

Once this group has had a chance to review we can schedule a call or compile any comments before getting back to OPG.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: September 20, 2017 3:20 PM
To: Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Katona, Keley (MOF); Donaldson, Mark (TBS); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA) (John.Kim@ofina.on.ca)
Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); stephen.ashbourne@blakes.com; Hanslep, Malle (MOF)
Subject: FW: Fair Hydro -- Change of Law Assumption Agreement

Please see below an email from OPG's counsel setting out a proposed approval process setting out how the Provincial protection agreement would apply to any set of obligations of the Financing Entity.

We at MOF Legal along with Energy Legal and Stephen Ashbourne are in the process of reviewing their proposal and preparing comments. We will have significant comments and questions about this proposal, but wanted to give everyone a chance to review the OPG proposal so that we can discuss

those comments as soon as we are ready to do so.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 19, 2017 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material

program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

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From:	Whitfield, Tobias P. (MOF)
To:	ASHBOURNE, STEPHEN; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS)
Cc:	McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); Malle Hanslep (MOF)
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Tuesday, October 10, 2017 1:35:36 PM

All,

After reviewing OPGs response to the proposed adherence process, we wonder if a discussion of some of the accounting principles that are at issue would be helpful in order for us to consider their response and our next steps.

Please let us know if this approach makes sense, and perhaps the OFA can put together a meeting in order to discuss these issues.

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From: Whitfield, Tobias P. (MOF)
Sent: September 20, 2017 3:20 PM
To: Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Katona, Keley (MOF); Donaldson, Mark (TBS); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA) (John.Kim@ofina.on.ca)
Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); stephen.ashbourne@blakes.com; Hanslep, Malle (MOF)
Subject: FW: Fair Hydro -- Change of Law Assumption Agreement

Please see below an email from OPG's counsel setting out a proposed approval process setting out how the Provincial protection agreement would apply to any set of obligations of the Financing Entity.

We at MOF Legal along with Energy Legal and Stephen Ashbourne are in the process of reviewing their proposal and preparing comments. We will have significant comments and questions about this proposal, but wanted to give everyone a chance to review the OPG proposal so that we can discuss those comments as soon as we are ready to do so.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 19, 2017 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's

approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

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(ii) the management agreement between the Financing Entity and OPG;
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(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

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It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the

expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
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TORYS LLP[torys.com]

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From:	Mansoori, Nina
To:	Tobias P. Whitfield (MOF)
Cc:	LEE John -TREASURY; RYFA Ken -TREASURY; "WONG Leslie -LAWDIV"; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS); Malle Hanslep (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG); "STEPHEN.ASHBOURNE@blakes.com"; "LADAK Lubna -TREASURY"
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Friday, October 06, 2017 5:58:27 PM
Attachments:	Fair Hydro -- Change of Law Assumption Agreement.msg

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations

by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.

- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis

(OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG

Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

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P. 416.865.7666

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From: Ramchandani, Rima [rramchandani@torys.com]
To: 'STEPHEN.ASHBOURNE@blakes.com' [STEPHEN.ASHBOURNE@blakes.com]; Malle Hanslep (MOF) [Malle.Hanslep@ontario.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]
CC: LEE John -TREASURY [john.s.lee@opg.com]; RYFA Ken -TREASURY [ken.ryfa@opg.com]; 'WONG Leslie -LAWDIV' [leslie.wong@opg.com]; Feldman, Michael [mfeldman@torys.com]; Ramchandani, Rima [rramchandani@torys.com]; Mansoori, Nina [nmansoori@torys.com]
Subject: Fair Hydro -- Change of Law Assumption Agreement
Date: Tuesday, September 19, 2017 21:55:12

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P. 416.865.7666

From:	Anna Strathy
To:	Malle Hanslep (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Keley Katona (ENERGY); Scott Nelms (ENERGY)
Cc:	Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY)
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Thursday, October 05, 2017 8:23:58 AM

Hi Malle, I haven't seen any correspondence from OPG or Torys on this.

Anna

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, October 04, 2017 5:57 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: FW: Fair Hydro -- Change of Law Assumption Agreement

Has anyone heard from OPG or Torys regarding this since Toby's email? Steve Ashbourne checked in with us to find out as he has not heard anything either.

Thanks.

Malle

From: Whitfield, Tobias P. (MOF)
Sent: September 27, 2017 4:21 PM
To: Ramchandani, Rima; Feldman, Michael; Mansoori, Nina; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY
Cc: Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'
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Best
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Counsel, Legal Services Branch

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Many thanks,
Rima

Rima Ramchandani

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From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the

Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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From:	Whitfield, Tobias P. (MOF)
To:	Ramchandani, Rima; Feldman, Michael; Mansoori, Nina; "WONG Leslie -LAWDIV"; LEE John -TREASURY; RYFA Ken -TREASURY
Cc:	Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS); Malle Hanslep (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG); "STEPHEN.ASHBOURNE@blakes.com"
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Wednesday, September 27, 2017 4:21:39 PM
Attachments:	12913400-v4-OFHPA - Province Support - Obligor Approval Process.docx

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle

(MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

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(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
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(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events

of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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Adherence of the Change of Law Protection Agreement to Approved Obligations

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

Approval Process

Subject to satisfaction of the conditions described under "Adherence Condition", below, the Change of Law Protection Agreement will apply (without duplication) in respect of the following "Specified Claims" (as defined in the Term Sheet) of the applicable financing entity (collectively, the "Approved Obligations"):

1. repayments[1], other than to the extent that funds are available for payment thereof from one or more committed refinancings or from amounts on deposit in a capital account, finance reserve account or supplemental reserve account or from payment proceeds under a related derivative agreement ("Principal Obligations");

2. obligations incurred by the financing entity to pay specified redemption amounts, other than to the extent that funds are available for payment thereof from one or more refinancings or from amounts on deposit in a capital account, finance reserve account or supplemental reserve account or from payment proceeds under a related derivative agreement ("Redemption Obligations");

3. interest payable under outstanding indebtedness of the financing entity, other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account, from a funding rebate[2] or from payment proceeds under a related derivative agreement ("Interest Obligations");

4. derivative payments due and payable by the financing entity, determined on a net payment basis after the application of any collateral posted or available for posting by or on behalf of the financing entity to or for the benefit of the applicable counterparty, other than to the extent that funds are available for payment thereof from a capital account, finance reserve account or supplemental reserve account or from a funding rebate ("Hedging Obligations");

5. other funding costs due and payable by the financing entity and that are not included in 2, 3 or 4, above, other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account or from a funding rebate ("Other Funding Obligations"); and

[1] This assumes that repayments will only include scheduled principal amounts, without regard to default and acceleration.

[2] Incorporate alternative GA stream, as applicable, in relation to all covered amounts – including interest, derivative payments, other funding costs and expenses contemplated in paras. 3 to 6.

6. finance entity expenses, due and payable by the financing entity and that are not included in 2 to 5, above and [other than amounts charged by the Financial Services Manager][3], other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account or from a funding rebate ("Third Party Expense Obligations"),

but excluding in each case payments due and payable by the financing entity in respect of any contingent obligation of the financing entity to the extent that such payments would in the aggregate exceed the maximum amount specified therefor in the applicable governing document.

For greater certainty, the Change of Law Protection Agreement will not apply to any other amount or obligation of the financing entity, including (a) any amounts that are or become payable as a result of the exercise of an option of the financing entity following a Protection Event (e.g., redemption or extension rights), (b) amounts required to be deposited by or on behalf of the financing entity into any capital account, finance reserve account or supplemental reserve account, (c) tax liabilities and (d) contingent payment obligations that exceed the maximum amount therefor specified in the applicable governing document.

Adherence Conditions

The Change of Law Protection Agreement will bind the Province in respect of a funding obligation that is an Approved Obligation if:

1. at the time the funding obligation is incurred, the maximum aggregate payment amounts due or becoming due under the funding obligation, together with all other outstanding or committed Approved Obligations, do not exceed the Program Maximum;

2. OPG delivers a certificate, signed by at least two executive officers of OPG and addressed to the Province, not less than • Toronto business days prior to the incurrence or any amendment of the funding obligation, setting out the following with respect to the funding obligation:

   (a) the following information respecting a funding obligation to be incurred:

      (i) in the case of an incurrence of any related Principal Obligation, material details respecting such Principal Obligation, including the amount, timing and conditions of repayments (including any redemption or extension rights), the basis for OPG's expectations regarding the availability of any related refinancings, any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the Principal Obligation, and the rating (if any) contemplated to be attributed to the Principal Obligation;

[3] Confirm arrangements with OPG.

(ii) in the case of an incurrence of any related Redemption Obligation, material details respecting such Redemption Obligation, including the basis for determining to exercise any right, option or privilege that would result in an obligation to redeem, prepay or pay prior to a scheduled maturity any Approved Obligation, the basis for OPG's expectations regarding the availability of any related refinancings, and any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the Redemption Obligation;

(iii) in the case of an incurrence of any related Interest Obligation, material details respecting such Interest Obligation, including the applicable rate or rates (including default rates) and the timing and any conditions of payments, any required deposits to be made into a finance reserve account or supplemental account or the availability of any funding rebates in order to provide for payment of the Interest Obligation, and the rating (if any) contemplated to be attributed to the Interest Obligation;

(iv) in the case of an incurrence of any related Hedging Obligation, material details respecting such Hedging Obligation, including the counterparty payor(s), the credit ratings (if any) of the payor(s), the anticipated risk or risks to be mitigated by the related derivative agreement, the circumstances in which the Hedging Obligation may not achieve such mitigation or be subject to early termination and whether collateral posting requirements will apply;

(v) in the case of an incurrence of any related Other Funding Obligation and any related Third Party Expense Obligation, material details respecting such obligations, including the payees, the timing and any conditions of payments, and any required deposits to be made into a finance reserve account or supplemental account or the availability of any funding rebates in order to provide for payment of such obligations;

(vi) in the case of any contingent obligation, material details respecting the contingent obligation of the financing entity under the funding obligation, including the nature and extent of any contingent payment, the circumstances in which the payment may arise and the maximum amount specified therefor in the applicable governing document;

(b) if an existing funding obligation is to be amended, material details respecting such amendment and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the funding obligation, including regarding the applicable details set forth in (a), above, as the context requires;

(c) a statement that:

(i) the Principal Obligations, Redemption Obligations, Interest Obligations and Hedging Obligations becoming payable under the funding obligation (1) will

arise under terms and conditions that are "Substantially in the Form" of the Reviewed Documentation applicable thereto; (2) in the opinion of such officers, are reasonably incurred in compliance with the OFHPA, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions;

(ii) the Other Funding Obligations and Third Party Expense Obligations becoming payable under the funding obligation (1) will, in the opinion of such officers, be reasonably incurred in compliance with the OFHPA, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (2) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (3) reflect, in all material respects, arm's length terms and conditions;

(iii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is "Substantially in the Form" of the Reviewed Documentation; and

(d) confirmation that if the funding obligation includes any contingent obligation, the applicable governing document for the funding obligation sets forth a maximum amount therefor; and

3. the Province has not provided written notice to OPG within • Toronto business days of receiving the certificate specified in 2, above, in respect of a proposed funding obligation stating that the Change of Law Protection Agreement shall not apply in respect of the funding obligation.

If the Adherence Conditions are satisfied, it will not be necessary for the Province to specifically approve the particular terms, conditions or documentation for the related funding obligations.

In connection with an incurrence or amendment of a funding obligation, OPG may certify to interested third parties that Adherence Condition 2[4] with respect thereto has been satisfied. Such certification shall be determinative (regardless of any inaccuracies, incompleteness or other defect in the certificate delivered) and may be relied upon by any addressee as conclusive evidence of same.

Reviewed Documentation

OPG will ensure that not less than • Toronto business days prior to the initial issuance of any funding obligation by the financing entity, the Province will have received copies, in substantially final form, of the following documents:

[4] Should this only relate to the certification or also the maximum program and the absence of a negating notice?

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

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

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

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

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

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

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

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

(i) the form of any other agreement or instrument under which a Principal Obligation, a Redemption Obligation, an Interest Obligation, a Hedging Obligation or an Other Funding Obligation may arise or be affected. For example, any other agreement under which the financing entity incurs a material financial obligation or that affects the Province's subrogation rights and subrogee interests must be provided to the Province and, if accepted, become part of the Reviewed Documentation in the future, such as standby liquidity arrangements or credit enhancement agreements;

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

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

If acceptable, the Province will confirm that such reviewed documents shall be the "Reviewed Documentation" for the purposes of Adherence Condition 2(c).

Any proposed changes, additions or supplements to the Reviewed Documentation will be provided to the Province not less than • Toronto business days prior to any proposed use or such documents becoming effective. Such modified, additional or supplemental documentation will only become "Reviewed Documentation" for the purposes of satisfying Adherence Condition 2(c) if the Province confirms same not less than • Toronto business days prior to the delivery and effective time of the certificate contemplated in Adherence Condition 2.

For the purposes of Adherence Condition 2(c), the term "Substantially in the Form" means:

(a) with respect to the Reviewed Documentation referred to in (a) to (j), above, that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the Approved Obligations, including regarding the amount of the payment obligations or the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or interests as a subrogee as a result of performing the Change of Law Protection Agreement with respect to any Approved Obligation;

(b) with respect to the Reviewed Documentation referred to in (e) to (h), above, and possibly (i) and (j) as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of the obligations arising thereunder and as to the timing, conditions and circumstances in which such obligations may arise, but without regard to the particular financial terms, rates, levels and parameters set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation specify specific requirements, limitations or parameters with respect thereto; and

(c) with respect to the Disclosure Document referred to in (k), above, that there are no material differences between the form and substance of the proposed disclosure document and such Disclosure Document and that such proposed disclosure document complies in all material respects with all securities disclosure requirements relating to the Funding Obligation subject to distribution thereunder.

Program Maximum

The Program Maximum will be determined by the Province prior to the initial issuance of the first funding obligation. In determining the Program Maximum, the Province will have regard to (but not be bound by) OPG's forecast of the maximum payment obligations expected to arise under Approved Obligations during the next [12] month period, based on and in accordance with the applicable Financing Plan (the "Forecast"). OPG will be required to deliver the Forecast to the Province not less than • Toronto business days prior to the proposed incurrence of the first funding obligation. The Province will confirm the Program Maximum in writing to OPG and the financing entity.

The Forecast will be updated and delivered to the Province [quarterly] thereafter, or more frequently if OPG so elects, to reflect the maximum payment obligations expected to arise under

Approved Obligations during the [12] month period immediately following the date of such updated Forecast, based on and in accordance with the applicable Financing Plan. Upon receiving an updated Forecast, the Province will determine whether or not the Program Maximum will be revised. Any determination to revise the Program Maximum will be confirmed by setting out a new Program Maximum in a written notice from the Province to OPG, the delivery of which will be conclusive evidence that such new Program Maximum will apply until further so revised.

On-Going Deliveries to the Province

Prior to the initial issuance of any funding obligation by the financing entity, OPG will provide the Province with a copy of the applicable Financing Plan and will promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

Not later than • Toronto business days prior to the use or other dissemination by or on behalf of the financing entity of a disclosure document (including any offering circular, prospectus or other investor disclosure statement) respecting a funding obligation that will constitute an Approved Obligation, OPG will provide the Province with a copy of such disclosure document.

Not later than • Toronto business days prior to the incurrence by the financing entity of a funding obligation that will constitute an Approved Obligation, OPG will provide the Province with a written summary of the final terms and conditions of the proposed funding obligation.

Promptly following any incurrence of a funding obligation that constitutes an Approved Obligation or any amendment of such a funding obligation, OPG will be provide the Province with electronic copies of all related governing and all other closing documents executed by or on behalf of the financing entity in connection with such incurrence or amendment that would affect the financing entity's assets or obligations.

Upon request, OPG will provide the Province with such additional information and documentation as the Province requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

For greater certainty, a failure by OPG to make the foregoing deliveries will not constitute a failure to satisfy the Adherence Conditions.

Covenants of OPG

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

(a) OPG will comply and ensure compliance by any financing entity (including as Financial Services Manager) with the OFHPA, the General Regulation and any other enactment related thereto;

(b) OPG will promptly notify the Province of the creation of any funding obligation that OPG determines is not or would not be an Approved Obligation;

(c) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), OPG will not, without the Province's prior written consent, permit any financing entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected;

(d) if a funding obligation that is incurred includes a contingent obligation, OPG will ensure that the governing document for such funding obligation sets forth a maximum amount in order to limit the possible claim amount thereunder and OPG will ensure that such maximum amount is not increased without the Province's prior written consent; and

(e) OPG will ensure that any disclosure (including in any offering document) that refers to or describes the terms, effect or adherence of the Change of Law Protection Agreement will be subject to the prior review and approval of the Province.

For greater certainty, a failure by OPG to perform such covenants will not constitute a failure to satisfy the Adherence Conditions.

From:	Whitfield, Tobias P. (MOF)
To:	ASHBOURNE, STEPHEN; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS)
Cc:	McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); Malle Hanslep (MOF)
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Wednesday, September 27, 2017 2:00:15 PM
Attachments:	12913400-v4-OFHPA - Province Support - Obligor Approval Process.docx 12913400-vpdf-OFHPA - Province Support - Obligor Approval Process.pdf

I believe these changes reflect our conversation earlier today.

I propose sending this over to OPG today, but will wait until after 4pm to do so, in case anyone has any further comments or issues that need to be addressed.

Please let me know by 4pm if you have anything to add.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: September 27, 2017 12:01 PM
To: Donaldson, Mark (TBS); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS)
Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby, as just discussed, here is the revised version of the adherence process description, together with a blackline to the last internal version. Please feel free to call if there is any needed follow-up. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blakes

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From: Donaldson, Mark (TBS) [mailto:Mark.Donaldson@ontario.ca]
Sent: Friday, September 22, 2017 1:37 PM
To: Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS)
Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); ASHBOURNE, STEPHEN; Hanslep, Malle (MOF)
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Reply to all to get Cindy V. back on this email thread.

Thanks.

From: Whitfield, Tobias P. (MOF)
Sent: September 22, 2017 11:41 AM
To: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; stephen.ashbourne@blakes.com; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please see attached for discussion our draft proposal for an approval process. This proposal significantly fleshes out the issues and the process in much greater detail from the OPG proposal below.

One issue to note in particular is the process relating to the Program Maximum amount, and the proposed timing for addressing approvals relating to that amount.

Once this group has had a chance to review we can schedule a call or compile any comments before getting back to OPG.

Best
Toby

Tobias Whitfield

Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: September 20, 2017 3:20 PM
To: Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Katona, Keley (MOF); Donaldson, Mark (TBS); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA) (John.Kim@ofina.on.ca)
Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); stephen.ashbourne@blakes.com; Hanslep, Malle (MOF)
Subject: FW: Fair Hydro -- Change of Law Assumption Agreement

Please see below an email from OPG's counsel setting out a proposed approval process setting out how the Provincial protection agreement would apply to any set of obligations of the Financing Entity.

We at MOF Legal along with Energy Legal and Stephen Ashbourne are in the process of reviewing their proposal and preparing comments. We will have significant comments and questions about this proposal, but wanted to give everyone a chance to review the OPG proposal so that we can discuss those comments as soon as we are ready to do so.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 19, 2017 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application

of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

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Adherence of the Change of Law Protection Agreement to Approved Obligations

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

Approval Process

Subject to satisfaction of the conditions described under "Adherence Condition", below, the Change of Law Protection Agreement will apply (without duplication) in respect of the following "Specified Claims" (as defined in the Term Sheet) of the applicable financing entity (collectively, the "Approved Obligations"):

1. repayments[1], other than to the extent that funds are available for payment thereof from one or more committed refinancings or from amounts on deposit in a capital account, finance reserve account or supplemental reserve account or from payment proceeds under a related derivative agreement ("Principal Obligations");

2. obligations incurred by the financing entity to pay specified redemption amounts, other than to the extent that funds are available for payment thereof from one or more refinancings or from amounts on deposit in a capital account, finance reserve account or supplemental reserve account or from payment proceeds under a related derivative agreement ("Redemption Obligations");

3. interest payable under outstanding indebtedness of the financing entity, other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account, from a funding rebate[2] or from payment proceeds under a related derivative agreement ("Interest Obligations");

4. derivative payments due and payable by the financing entity, determined on a net payment basis after the application of any collateral posted or available for posting by or on behalf of the financing entity to or for the benefit of the applicable counterparty, other than to the extent that funds are available for payment thereof from a capital account, finance reserve account or supplemental reserve account or from a funding rebate ("Hedging Obligations");

5. other funding costs due and payable by the financing entity and that are not included in 2, 3 or 4, above, other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account or from a funding rebate ("Other Funding Obligations"); and

[1] This assumes that repayments will only include scheduled principal amounts, without regard to default and acceleration.

[2] Incorporate alternative GA stream, as applicable, in relation to all covered amounts – including interest, derivative payments, other funding costs and expenses contemplated in paras. 3 to 6.

6. finance entity expenses, due and payable by the financing entity and that are not included in 2 to 5, above and [other than amounts charged by the Financial Services Manager][3], other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account or from a funding rebate ("Third Party Expense Obligations"),

but excluding in each case payments due and payable by the financing entity in respect of any contingent obligation of the financing entity to the extent that such payments would in the aggregate exceed the maximum amount specified therefor in the applicable governing document.

For greater certainty, the Change of Law Protection Agreement will not apply to any other amount or obligation of the financing entity, including (a) any amounts that are or become payable as a result of the exercise of an option of the financing entity following a Protection Event (e.g., redemption or extension rights), (b) amounts required to be deposited by or on behalf of the financing entity into any capital account, finance reserve account or supplemental reserve account, (c) tax liabilities and (d) contingent payment obligations that exceed the maximum amount therefor specified in the applicable governing document.

Adherence Conditions

The Change of Law Protection Agreement will bind the Province in respect of a funding obligation that is an Approved Obligation if:

1. at the time the funding obligation is incurred, the maximum aggregate payment amounts due or becoming due under the funding obligation, together with all other outstanding or committed Approved Obligations, do not exceed the Program Maximum;

2. OPG delivers a certificate, signed by at least two executive officers of OPG and addressed to the Province, not less than • Toronto business days prior to the incurrence or any amendment of the funding obligation, setting out the following with respect to the funding obligation:

   (a) the following information respecting a funding obligation to be incurred:

      (i) in the case of an incurrence of any related Principal Obligation, material details respecting such Principal Obligation, including the amount, timing and conditions of repayments (including any redemption or extension rights), the basis for OPG's expectations regarding the availability of any related refinancings, any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the Principal Obligation, and the rating (if any) contemplated to be attributed to the Principal Obligation;

[3] Confirm arrangements with OPG.

(ii) in the case of an incurrence of any related Redemption Obligation, material details respecting such Redemption Obligation, including the basis for determining to exercise any right, option or privilege that would result in an obligation to redeem, prepay or pay prior to a scheduled maturity any Approved Obligation, the basis for OPG's expectations regarding the availability of any related refinancings, and any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the Redemption Obligation;

(iii) in the case of an incurrence of any related Interest Obligation, material details respecting such Interest Obligation, including the applicable rate or rates (including default rates) and the timing and any conditions of payments, any required deposits to be made into a finance reserve account or supplemental account or the availability of any funding rebates in order to provide for payment of the Interest Obligation, and the rating (if any) contemplated to be attributed to the Interest Obligation;

(iv) in the case of an incurrence of any related Hedging Obligation, material details respecting such Hedging Obligation, including the counterparty payor(s), the credit ratings (if any) of the payor(s), the anticipated risk or risks to be mitigated by the related derivative agreement, the circumstances in which the Hedging Obligation may not achieve such mitigation or be subject to early termination and whether collateral posting requirements will apply;

(v) in the case of an incurrence of any related Other Funding Obligation and any related Third Party Expense Obligation, material details respecting such obligations, including the payees, the timing and any conditions of payments, and any required deposits to be made into a finance reserve account or supplemental account or the availability of any funding rebates in order to provide for payment of such obligations;

(vi) in the case of any contingent obligation, material details respecting the contingent obligation of the financing entity under the funding obligation, including the nature and extent of any contingent payment, the circumstances in which the payment may arise and the maximum amount specified therefor in the applicable governing document;

(b) if an existing funding obligation is to be amended, material details respecting such amendment and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the funding obligation, including regarding the applicable details set forth in (a), above, as the context requires;

(c) a statement that:

(i) the Principal Obligations, Redemption Obligations, Interest Obligations and Hedging Obligations becoming payable under the funding obligation (1) will

arise under terms and conditions that are "Substantially in the Form" of the Reviewed Documentation applicable thereto; (2) in the opinion of such officers, are reasonably incurred in compliance with the OFHPA, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions;

(ii) the Other Funding Obligations and Third Party Expense Obligations becoming payable under the funding obligation (1) will, in the opinion of such officers, be reasonably incurred in compliance with the OFHPA, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (2) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (3) reflect, in all material respects, arm's length terms and conditions;

(iii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is "Substantially in the Form" of the Reviewed Documentation; and

(d) confirmation that if the funding obligation includes any contingent obligation, the applicable governing document for the funding obligation sets forth a maximum amount therefor; and

3. the Province has not provided written notice to OPG within • Toronto business days of receiving the certificate specified in 2, above, in respect of a proposed funding obligation stating that the Change of Law Protection Agreement shall not apply in respect of the funding obligation.

If the Adherence Conditions are satisfied, it will not be necessary for the Province to specifically approve the particular terms, conditions or documentation for the related funding obligations.

In connection with an incurrence or amendment of a funding obligation, OPG may certify to interested third parties that Adherence Condition 2[4] with respect thereto has been satisfied. Such certification shall be determinative (regardless of any inaccuracies, incompleteness or other defect in the certificate delivered) and may be relied upon by any addressee as conclusive evidence of same.

Reviewed Documentation

OPG will ensure that not less than • Toronto business days prior to the initial issuance of any funding obligation by the financing entity, the Province will have received copies, in substantially final form, of the following documents:

[4] Should this only relate to the certification or also the maximum program and the absence of a negating notice?

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

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

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

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

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

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

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

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

(i) the form of any other agreement or instrument under which a Principal Obligation, a Redemption Obligation, an Interest Obligation, a Hedging Obligation or an Other Funding Obligation may arise or be affected. For example, any other agreement under which the financing entity incurs a material financial obligation or that affects the Province's subrogation rights and subrogee interests must be provided to the Province and, if accepted, become part of the Reviewed Documentation in the future, such as standby liquidity arrangements or credit enhancement agreements;

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

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

If acceptable, the Province will confirm that such reviewed documents shall be the "Reviewed Documentation" for the purposes of Adherence Condition 2(c).

Any proposed changes, additions or supplements to the Reviewed Documentation will be provided to the Province not less than • Toronto business days prior to any proposed use or such documents becoming effective. Such modified, additional or supplemental documentation will only become "Reviewed Documentation" for the purposes of satisfying Adherence Condition 2(c) if the Province confirms same not less than • Toronto business days prior to the delivery and effective time of the certificate contemplated in Adherence Condition 2.

For the purposes of Adherence Condition 2(c), the term "Substantially in the Form" means:

(a) with respect to the Reviewed Documentation referred to in (a) to (j), above, that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the Approved Obligations, including regarding the amount of the payment obligations or the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or interests as a subrogee as a result of performing the Change of Law Protection Agreement with respect to any Approved Obligation;

(b) with respect to the Reviewed Documentation referred to in (e) to (h), above, and possibly (i) and (j) as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of the obligations arising thereunder and as to the timing, conditions and circumstances in which such obligations may arise, but without regard to the particular financial terms, rates, levels and parameters set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation specify specific requirements, limitations or parameters with respect thereto; and

(c) with respect to the Disclosure Document referred to in (k), above, that there are no material differences between the form and substance of the proposed disclosure document and such Disclosure Document and that such proposed disclosure document complies in all material respects with all securities disclosure requirements relating to the Funding Obligation subject to distribution thereunder.

Program Maximum

The Program Maximum will be determined by the Province prior to the initial issuance of the first funding obligation. In determining the Program Maximum, the Province will have regard to (but not be bound by) OPG's forecast of the maximum payment obligations expected to arise under Approved Obligations during the next [12] month period, based on and in accordance with the applicable Financing Plan (the "Forecast"). OPG will be required to deliver the Forecast to the Province not less than • Toronto business days prior to the proposed incurrence of the first funding obligation. The Province will confirm the Program Maximum in writing to OPG and the financing entity.

The Forecast will be updated and delivered to the Province [quarterly] thereafter, or more frequently if OPG so elects, to reflect the maximum payment obligations expected to arise under

Approved Obligations during the [12] month period immediately following the date of such updated Forecast, based on and in accordance with the applicable Financing Plan. Upon receiving an updated Forecast, the Province will determine whether or not the Program Maximum will be revised. Any determination to revise the Program Maximum will be confirmed by setting out a new Program Maximum in a written notice from the Province to OPG, the delivery of which will be conclusive evidence that such new Program Maximum will apply until further so revised.

On-Going Deliveries to the Province

Prior to the initial issuance of any funding obligation by the financing entity, OPG will provide the Province with a copy of the applicable Financing Plan and will promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

Not later than • Toronto business days prior to the use or other dissemination by or on behalf of the financing entity of a disclosure document (including any offering circular, prospectus or other investor disclosure statement) respecting a funding obligation that will constitute an Approved Obligation, OPG will provide the Province with a copy of such disclosure document.

Not later than • Toronto business days prior to the incurrence by the financing entity of a funding obligation that will constitute an Approved Obligation, OPG will provide the Province with a written summary of the final terms and conditions of the proposed funding obligation.

Promptly following any incurrence of a funding obligation that constitutes an Approved Obligation or any amendment of such a funding obligation, OPG will be provide the Province with electronic copies of all related governing and all other closing documents executed by or on behalf of the financing entity in connection with such incurrence or amendment that would affect the financing entity's assets or obligations.

Upon request, OPG will provide the Province with such additional information and documentation as the Province requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

For greater certainty, a failure by OPG to make the foregoing deliveries will not constitute a failure to satisfy the Adherence Conditions.

Covenants of OPG

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

(a) OPG will comply and ensure compliance by any financing entity (including as Financial Services Manager) with the OFHPA, the General Regulation and any other enactment related thereto;

(b) OPG will promptly notify the Province of the creation of any funding obligation that OPG determines is not or would not be an Approved Obligation;

(c) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), OPG will not, without the Province's prior written consent, permit any financing entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected;

(d) if a funding obligation that is incurred includes a contingent obligation, OPG will ensure that the governing document for such funding obligation sets forth a maximum amount in order to limit the possible claim amount thereunder and OPG will ensure that such maximum amount is not increased without the Province's prior written consent; and

(e) OPG will ensure that any disclosure (including in any offering document) that refers to or describes the terms, effect or adherence of the Change of Law Protection Agreement will be subject to the prior review and approval of the Province.

For greater certainty, a failure by OPG to perform such covenants will not constitute a failure to satisfy the Adherence Conditions.

Adherence of the Change of Law Protection Agreement to Approved Obligations

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

Approval Process

Subject to satisfaction of the conditions described under "Adherence Condition", below, the Change of Law Protection Agreement will apply (without duplication) in respect of the following "Specified Claims" (as defined in the Term Sheet) of the applicable financing entity (collectively, the "Approved Obligations"):

1. repayments[1], other than to the extent that funds are available for payment thereof from one or more committed refinancings or from amounts on deposit in a capital account ~~or~~, finance reserve account or supplemental reserve account or from payment proceeds under a related derivative agreement ("Principal Obligations");

2. obligations incurred by the financing entity to pay specified redemption amounts, other than to the extent that funds are available for payment thereof from one or more refinancings or from amounts on deposit in a capital account ~~or~~, finance reserve account or supplemental reserve account or from payment proceeds under a related derivative agreement ("Redemption Obligations");

3. interest payable under outstanding indebtedness of the financing entity, other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account, from a funding rebate[2] or from payment proceeds under a related derivative agreement ("Interest Obligations");

4. derivative payments due and payable by the financing entity, determined on a net payment basis after the application of any collateral posted or available for posting by or on behalf of the financing entity to or for the benefit of the applicable counterparty, other than to the extent that funds are available for payment thereof from a capital account ~~or~~, finance reserve account or supplemental reserve account or from a funding rebate ("Hedging Obligations");

5. other funding costs due and payable by the financing entity and that are not included in 2, 3 or 4, above, other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account or from a funding rebate ("Other Funding Obligations"); and

6. finance entity expenses, due and payable by the financing entity and that are not included in 2 to 5, above and [other than amounts charged by the Financial Services Manager][~~2~~3],

[1] This assumes that repayments will only include scheduled principal amounts, without regard to default and acceleration.

[2] Incorporate alternative GA stream, as applicable, in relation to all covered amounts – including interest, derivative payments, other funding costs and expenses contemplated in paras. 3 to 6.

[~~2~~3] Confirm arrangements with OPG.

other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account or from a funding rebate ("Third Party Expense Obligations"),

but excluding in each case payments due and payable by the financing entity in respect of any contingent obligation of the financing entity to the extent that such payments would in the aggregate exceed the maximum amount specified therefor in the applicable governing document.

For greater certainty, the Change of Law Protection Agreement will not apply to any other amount or obligation of the financing entity, including (a) any ~~redemption~~ amounts that are or become payable ~~at~~as a result of the exercise of an option of the financing entity following a Protection Event (e.g., redemption or extension rights), (b) amounts required to be deposited by or on behalf of the financing entity into any capital account ~~or~~, finance reserve account or supplemental reserve account, (c) tax liabilities and (d) contingent payment obligations that exceed the maximum amount therefor specified in the applicable governing document.

Adherence Conditions

The Change of Law Protection Agreement will bind the Province in respect of a funding obligation that is an Approved Obligation if:

1. at the time the funding obligation is incurred, the maximum aggregate payment amounts due or becoming due under the funding obligation, together with all other outstanding or committed Approved Obligations, do not exceed the Program Maximum;

2. OPG delivers a certificate, signed by at least two executive officers of OPG and addressed to the Province, not less than ~~[3]~~• Toronto business days prior to the incurrence or any amendment of the funding obligation, setting out the following with respect to the funding obligation:

   (a) the following information respecting a funding obligation to be incurred:

      (i) in the case of an incurrence of any related Principal Obligation, material details respecting such Principal Obligation, including the amount, timing and conditions of repayments (including any redemption or extension rights), the basis for OPG's expectations regarding the availability of any related refinancings, any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the Principal Obligation, and the rating (if any) contemplated to be attributed to the Principal Obligation;

      (ii) in the case of an incurrence of any related Redemption Obligation, material details respecting such Redemption Obligation, including the basis for determining to exercise any right, option or privilege that would result in an obligation to redeem, prepay or pay prior to a scheduled maturity any Approved Obligation, the basis for OPG's expectations regarding the

availability of any related refinancings, and any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the Redemption Obligation;

(iii) in the case of an incurrence of any related Interest Obligation, material details respecting such Interest Obligation, including the applicable rate or rates (including default rates) and the timing and any conditions of payments, any required deposits to be made into a finance reserve account or supplemental account or the availability of any funding rebates in order to provide for payment of the Interest Obligation, and the rating (if any) contemplated to be attributed to the Interest Obligation;

(iv) in the case of an incurrence of any related Hedging Obligation, material details respecting such Hedging Obligation, including the counterparty payor(s), the credit ratings (if any) of the payor(s), the anticipated risk or risks to be mitigated by the related derivative agreement, the circumstances in which the Hedging Obligation may not achieve such mitigation or be subject to early termination and whether collateral posting requirements will apply;

(v) in the case of an incurrence of any related Other Funding Obligation and any related Third Party Expense Obligation, material details respecting such obligations, including the payees, the timing and any conditions of payments, and any required deposits to be made into a finance reserve account or supplemental account or the availability of any funding rebates in order to provide for payment of such obligations;

(vi) in the case of any contingent obligation, material details respecting the contingent obligation of the financing entity under the funding obligation, including the nature and extent of any contingent payment, the circumstances in which the payment may arise and the maximum amount specified therefor in the applicable governing document;

(b) if an existing funding obligation is to be amended, material details respecting such amendment and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the funding obligation, including regarding the applicable details set forth in (a), above, as the context requires;

(c) a statement that:

(i) the Principal Obligations, Redemption Obligations, Interest Obligations and Hedging Obligations becoming payable under the funding obligation (1) will arise under terms and conditions that are "Substantially in the Form" of the Reviewed Documentation applicable thereto; ~~and~~ (2) in the opinion of such officers, are reasonably incurred in compliance with the OFHPA, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial

services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions;

(ii) the Other Funding Obligations and Third Party Expense Obligations becoming payable under the funding obligation (1) will, in the opinion of such officers, be reasonably incurred in compliance with the OFHPA, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (2) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (3) reflect, in all material respects, arm's length terms and conditions;

(iii) any Disclosure Document used in connection with the offering and sale of notes ~~or~~, bonds or other securities is "Substantially in the Form" of the Reviewed Documentation; and

(d) confirmation that if the funding obligation includes any contingent obligation, the applicable governing document for the funding obligation sets forth a maximum amount therefor; and

3. the Province has not provided written notice to OPG within ~~2~~• Toronto business days of receiving the certificate specified in 2, above, in respect of a proposed funding obligation stating that the Change of Law Protection Agreement shall not apply in respect of the funding obligation.

If the Adherence Conditions are satisfied, it will not be necessary for the Province to specifically approve the particular terms, conditions or documentation ~~related to~~for the related funding obligations.

In connection with an incurrence or amendment of a funding obligation, OPG may certify to interested third parties that Adherence Condition 2[~~3~~4] with respect thereto has been satisfied. Such certification shall be determinative (regardless of any inaccuracies, incompleteness or other defect in the certificate delivered) and may be relied upon by any addressee as conclusive evidence of same.

Reviewed Documentation

OPG will ensure that not less than ~~20~~• Toronto business days prior to the initial issuance of any funding obligation by the financing entity, the Province will have received copies, in substantially final form, of the following documents:

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

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

[~~3~~4] Should this only relate to the certification or also the maximum program and the absence of a negating notice?

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

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

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

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

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

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

(i) the form of any other agreement or instrument under which a Principal Obligation, a Redemption Obligation, an Interest Obligation, a Hedging Obligation or an Other Funding Obligation may arise or be affected. For example, any other agreement under which the financing entity incurs a material financial obligation or that affects the Province's subrogation rights and subrogee interests must be provided to the Province and, if accepted, become part of the Reviewed Documentation in the future, such as standby liquidity arrangements or credit enhancement agreements;

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

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

If acceptable, the Province will confirm that such reviewed documents shall be the "Reviewed Documentation" for the purposes of Adherence Condition 2(c).

Any proposed changes, additions or supplements to the Reviewed Documentation will be provided to the Province not less than ~~10~~• Toronto business days prior to any proposed use or such documents becoming effective. Such modified, additional or supplemental documentation will only become "Reviewed Documentation" for the purposes of satisfying Adherence Condition 2(c) if the Province confirms same not less than ~~[2]~~• Toronto business days prior to the delivery and effective time of the certificate contemplated in Adherence Condition 2.

For the purposes of Adherence Condition 2(c), the term "Substantially in the Form" means:

(a) with respect to the Reviewed Documentation referred to in (a) to (j), above, that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the Approved Obligations, including regarding the amount of the payment obligations or the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or interests as a subrogee as a result of performing the Change of Law Protection Agreement with respect to any Approved Obligation;

(b) with respect to the Reviewed Documentation referred to in (e) to (h), above, and possibly (i) and (j) as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of the obligations arising thereunder and as to the timing, conditions and circumstances in which such obligations may arise, but without regard to the ~~specific~~particular financial terms, rates, levels and parameters set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation specify specific requirements, limitations or parameters with respect thereto; and

(c) with respect to the Disclosure Document referred to in (k), above, that there are no material differences between the form and substance of the proposed disclosure document and such Disclosure Document and that such proposed disclosure document complies in all material respects with all securities disclosure requirements relating to the Funding Obligation subject to distribution thereunder.

Program Maximum

The Program Maximum will be determined by the Province prior to the initial issuance of the first funding obligation. In determining the Program Maximum, the Province will have regard to (but not be bound by) OPG's forecast of the maximum payment obligations expected to arise under Approved Obligations during the next [12] month period, based on and in accordance with the applicable Financing Plan (the "Forecast"). OPG will be required to deliver the Forecast to the Province not less than ~~[20]~~• Toronto business days prior to the proposed incurrence of the first funding obligation. The Province will confirm the Program Maximum in writing to OPG and the financing entity.

The Forecast will be updated and delivered to the Province [quarterly] thereafter, or more frequently if OPG so elects, to reflect the maximum payment obligations expected to arise under Approved Obligations during the [12] month period immediately following the date of such updated Forecast, based on and in accordance with the applicable Financing Plan. Upon receiving an updated Forecast, the Province will determine whether or not the Program Maximum will be revised. Any determination to revise the Program Maximum will be confirmed by setting out a new Program Maximum in a written notice from the Province to OPG,

the delivery of which will be conclusive evidence that such new Program Maximum will apply until further so revised.

On-Going Deliveries to the Province

Prior to the initial issuance of any funding obligation by the financing entity, OPG will provide the Province with a copy of the applicable Financing Plan and will promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

Not later than ~~20~~• Toronto business days prior to the use or other dissemination by or on behalf of the financing entity of a disclosure document (including any offering circular, prospectus or other investor disclosure statement) respecting a funding obligation that will constitute an Approved Obligation, OPG will provide the Province with a copy of such disclosure document.

Not later than ~~5~~• Toronto business days prior to the incurrence by the financing entity of a funding obligation that will constitute an Approved Obligation, OPG will provide the Province with a written summary of the final terms and conditions of the proposed funding obligation.

Promptly following any incurrence of a funding obligation that constitutes an Approved Obligation or any amendment of such a funding obligation, OPG will be provide the Province with electronic copies of all related governing and all other closing documents executed by or on behalf of the financing entity in connection with such incurrence or amendment that would affect the financing entity's assets or obligations.

Upon request, OPG will provide the Province with such additional information and documentation as the Province requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

For greater certainty, a failure by OPG to make the foregoing deliveries will not constitute a failure to satisfy the Adherence Conditions.

Covenants of OPG

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

(a) OPG will comply and ensure compliance by any financing entity (including as Financial Services Manager) with the OFHPA, the General Regulation and any other enactment related thereto;

(b) OPG will promptly notify the Province of the creation of any funding obligation that OPG determines is not or would not be an Approved Obligation;

(c) ~~(b)~~ after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), OPG will not, without the Province's prior written consent, permit any financing entity to exercise any redemption, pre-payment ~~or~~, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved

Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected;

(d) ~~(c)~~ if a funding obligation that is incurred includes a contingent obligation, OPG will ensure that the governing document for such funding obligation sets forth a maximum amount in order to limit the possible claim amount thereunder and OPG will ensure that such maximum amount is not increased without the Province's prior written consent; and

(e) ~~(d)~~ OPG will ensure that any disclosure (including in any offering document) that refers to or describes the terms, effect or adherence of the Change of Law Protection Agreement will be subject to the prior review and approval of the Province.

For greater certainty, a failure by OPG to perform such covenants will not constitute a failure to satisfy the Adherence Conditions.

Document comparison by Workshare Compare on Wednesday, September 27, 2017 11:56:42 AM

Input:	
Document 1 ID	PowerDocs://TOR_2024/12913400/3
Description	TOR_2024-#12913400-v3-OFHPA_-_Province_Support_-_Obligor_Approval_Process
Document 2 ID	PowerDocs://TOR_2024/12913400/4
Description	TOR_2024-#12913400-v4-OFHPA_-_Province_Support_-_Obligor_Approval_Process
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	58
Deletions	33
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	91

From:	ASHBOURNE, STEPHEN
To:	Mark Donaldson (MOF); Tobias P. Whitfield (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS)
Cc:	McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); Malle Hanslep (MOF)
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Wednesday, September 27, 2017 12:01:02 PM
Attachments:	12913400-v4-OFHPA - Province Support - Obligor Approval Process.DOCX 12913400-vpdf-OFHPA - Province Support - Obligor Approval Process.PDF

Toby, as just discussed, here is the revised version of the adherence process description, together with a blackline to the last internal version. Please feel free to call if there is any needed follow-up. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
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Blakes

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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Donaldson, Mark (TBS) [mailto:Mark.Donaldson@ontario.ca]
Sent: Friday, September 22, 2017 1:37 PM
To: Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS)
Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); ASHBOURNE, STEPHEN; Hanslep, Malle (MOF)
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Reply to all to get Cindy V. back on this email thread.

Thanks.

From: Whitfield, Tobias P. (MOF)
Sent: September 22, 2017 11:41 AM
To: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine,

James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; stephen.ashbourne@blakes.com; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please see attached for discussion our draft proposal for an approval process. This proposal significantly fleshes out the issues and the process in much greater detail from the OPG proposal below.

One issue to note in particular is the process relating to the Program Maximum amount, and the proposed timing for addressing approvals relating to that amount.

Once this group has had a chance to review we can schedule a call or compile any comments before getting back to OPG.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: September 20, 2017 3:20 PM
To: Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Katona, Keley (MOF); Donaldson, Mark (TBS); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA) (John.Kim@ofina.on.ca)
Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); stephen.ashbourne@blakes.com; Hanslep, Malle (MOF)
Subject: FW: Fair Hydro -- Change of Law Assumption Agreement

Please see below an email from OPG's counsel setting out a proposed approval process setting out how the Provincial protection agreement would apply to any set of obligations of the Financing Entity.

We at MOF Legal along with Energy Legal and Stephen Ashbourne are in the process of reviewing their proposal and preparing comments. We will have significant comments and questions about this proposal, but wanted to give everyone a chance to review the OPG proposal so that we can discuss those comments as soon as we are ready to do so.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 19, 2017 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any

such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
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Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

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joints de manière permanente.

Adherence of the Change of Law Protection Agreement to Approved Obligations

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

Approval Process

Subject to satisfaction of the conditions described under "Adherence Condition", below, the Change of Law Protection Agreement will apply (without duplication) in respect of the following "Specified Claims" (as defined in the Term Sheet) of the applicable financing entity (collectively, the "Approved Obligations"):

1. repayments[1], other than to the extent that funds are available for payment thereof from one or more committed refinancings or from amounts on deposit in a capital account, finance reserve account or supplemental reserve account or from payment proceeds under a related derivative agreement ("Principal Obligations");

2. obligations incurred by the financing entity to pay specified redemption amounts, other than to the extent that funds are available for payment thereof from one or more refinancings or from amounts on deposit in a capital account, finance reserve account or supplemental reserve account or from payment proceeds under a related derivative agreement ("Redemption Obligations");

3. interest payable under outstanding indebtedness of the financing entity, other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account, from a funding rebate[2] or from payment proceeds under a related derivative agreement ("Interest Obligations");

4. derivative payments due and payable by the financing entity, determined on a net payment basis after the application of any collateral posted or available for posting by or on behalf of the financing entity to or for the benefit of the applicable counterparty, other than to the extent that funds are available for payment thereof from a capital account, finance reserve account or supplemental reserve account or from a funding rebate ("Hedging Obligations");

5. other funding costs due and payable by the financing entity and that are not included in 2, 3 or 4, above, other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account or from a funding rebate ("Other Funding Obligations"); and

[1] This assumes that repayments will only include scheduled principal amounts, without regard to default and acceleration.

[2] Incorporate alternative GA stream, as applicable, in relation to all covered amounts – including interest, derivative payments, other funding costs and expenses contemplated in paras. 3 to 6.

6. finance entity expenses, due and payable by the financing entity and that are not included in 2 to 5, above and [other than amounts charged by the Financial Services Manager][3], other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account or from a funding rebate ("Third Party Expense Obligations"),

but excluding in each case payments due and payable by the financing entity in respect of any contingent obligation of the financing entity to the extent that such payments would in the aggregate exceed the maximum amount specified therefor in the applicable governing document.

For greater certainty, the Change of Law Protection Agreement will not apply to any other amount or obligation of the financing entity, including (a) any amounts that are or become payable as a result of the exercise of an option of the financing entity following a Protection Event (e.g., redemption or extension rights), (b) amounts required to be deposited by or on behalf of the financing entity into any capital account, finance reserve account or supplemental reserve account, (c) tax liabilities and (d) contingent payment obligations that exceed the maximum amount therefor specified in the applicable governing document.

Adherence Conditions

The Change of Law Protection Agreement will bind the Province in respect of a funding obligation that is an Approved Obligation if:

1. at the time the funding obligation is incurred, the maximum aggregate payment amounts due or becoming due under the funding obligation, together with all other outstanding or committed Approved Obligations, do not exceed the Program Maximum;

2. OPG delivers a certificate, signed by at least two executive officers of OPG and addressed to the Province, not less than • Toronto business days prior to the incurrence or any amendment of the funding obligation, setting out the following with respect to the funding obligation:

   (a) the following information respecting a funding obligation to be incurred:

      (i) in the case of an incurrence of any related Principal Obligation, material details respecting such Principal Obligation, including the amount, timing and conditions of repayments (including any redemption or extension rights), the basis for OPG's expectations regarding the availability of any related refinancings, any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the Principal Obligation, and the rating (if any) contemplated to be attributed to the Principal Obligation;

[3] Confirm arrangements with OPG.

(ii) in the case of an incurrence of any related Redemption Obligation, material details respecting such Redemption Obligation, including the basis for determining to exercise any right, option or privilege that would result in an obligation to redeem, prepay or pay prior to a scheduled maturity any Approved Obligation, the basis for OPG's expectations regarding the availability of any related refinancings, and any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the Redemption Obligation;

(iii) in the case of an incurrence of any related Interest Obligation, material details respecting such Interest Obligation, including the applicable rate or rates (including default rates) and the timing and any conditions of payments, any required deposits to be made into a finance reserve account or supplemental account or the availability of any funding rebates in order to provide for payment of the Interest Obligation, and the rating (if any) contemplated to be attributed to the Interest Obligation;

(iv) in the case of an incurrence of any related Hedging Obligation, material details respecting such Hedging Obligation, including the counterparty payor(s), the credit ratings (if any) of the payor(s), the anticipated risk or risks to be mitigated by the related derivative agreement, the circumstances in which the Hedging Obligation may not achieve such mitigation or be subject to early termination and whether collateral posting requirements will apply;

(v) in the case of an incurrence of any related Other Funding Obligation and any related Third Party Expense Obligation, material details respecting such obligations, including the payees, the timing and any conditions of payments, and any required deposits to be made into a finance reserve account or supplemental account or the availability of any funding rebates in order to provide for payment of such obligations;

(vi) in the case of any contingent obligation, material details respecting the contingent obligation of the financing entity under the funding obligation, including the nature and extent of any contingent payment, the circumstances in which the payment may arise and the maximum amount specified therefor in the applicable governing document;

(b) if an existing funding obligation is to be amended, material details respecting such amendment and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the funding obligation, including regarding the applicable details set forth in (a), above, as the context requires;

(c) a statement that:

(i) the Principal Obligations, Redemption Obligations, Interest Obligations and Hedging Obligations becoming payable under the funding obligation (1) will

arise under terms and conditions that are "Substantially in the Form" of the Reviewed Documentation applicable thereto; (2) in the opinion of such officers, are reasonably incurred in compliance with the OFHPA, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions;

(ii) the Other Funding Obligations and Third Party Expense Obligations becoming payable under the funding obligation (1) will, in the opinion of such officers, be reasonably incurred in compliance with the OFHPA, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (2) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (3) reflect, in all material respects, arm's length terms and conditions;

(iii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is "Substantially in the Form" of the Reviewed Documentation; and

(d) confirmation that if the funding obligation includes any contingent obligation, the applicable governing document for the funding obligation sets forth a maximum amount therefor; and

3. the Province has not provided written notice to OPG within • Toronto business days of receiving the certificate specified in 2, above, in respect of a proposed funding obligation stating that the Change of Law Protection Agreement shall not apply in respect of the funding obligation.

If the Adherence Conditions are satisfied, it will not be necessary for the Province to specifically approve the particular terms, conditions or documentation for the related funding obligations.

In connection with an incurrence or amendment of a funding obligation, OPG may certify to interested third parties that Adherence Condition 2[4] with respect thereto has been satisfied. Such certification shall be determinative (regardless of any inaccuracies, incompleteness or other defect in the certificate delivered) and may be relied upon by any addressee as conclusive evidence of same.

Reviewed Documentation

OPG will ensure that not less than • Toronto business days prior to the initial issuance of any funding obligation by the financing entity, the Province will have received copies, in substantially final form, of the following documents:

[4] Should this only relate to the certification or also the maximum program and the absence of a negating notice?

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

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

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

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

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

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

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

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

(i) the form of any other agreement or instrument under which a Principal Obligation, a Redemption Obligation, an Interest Obligation, a Hedging Obligation or an Other Funding Obligation may arise or be affected. For example, any other agreement under which the financing entity incurs a material financial obligation or that affects the Province's subrogation rights and subrogee interests must be provided to the Province and, if accepted, become part of the Reviewed Documentation in the future, such as standby liquidity arrangements or credit enhancement agreements;

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

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

If acceptable, the Province will confirm that such reviewed documents shall be the "Reviewed Documentation" for the purposes of Adherence Condition 2(c).

Any proposed changes, additions or supplements to the Reviewed Documentation will be provided to the Province not less than • Toronto business days prior to any proposed use or such documents becoming effective. Such modified, additional or supplemental documentation will only become "Reviewed Documentation" for the purposes of satisfying Adherence Condition 2(c) if the Province confirms same not less than • Toronto business days prior to the delivery and effective time of the certificate contemplated in Adherence Condition 2.

For the purposes of Adherence Condition 2(c), the term "Substantially in the Form" means:

(a) with respect to the Reviewed Documentation referred to in (a) to (j), above, that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the Approved Obligations, including regarding the amount of the payment obligations or the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or interests as a subrogee as a result of performing the Change of Law Protection Agreement with respect to any Approved Obligation;

(b) with respect to the Reviewed Documentation referred to in (e) to (h), above, and possibly (i) and (j) as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of the obligations arising thereunder and as to the timing, conditions and circumstances in which such obligations may arise, but without regard to the particular financial terms, rates, levels and parameters set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation specify specific requirements, limitations or parameters with respect thereto; and

(c) with respect to the Disclosure Document referred to in (k), above, that there are no material differences between the form and substance of the proposed disclosure document and such Disclosure Document and that such proposed disclosure document complies in all material respects with all securities disclosure requirements relating to the Funding Obligation subject to distribution thereunder.

Program Maximum

The Program Maximum will be determined by the Province prior to the initial issuance of the first funding obligation. In determining the Program Maximum, the Province will have regard to (but not be bound by) OPG's forecast of the maximum payment obligations expected to arise under Approved Obligations during the next [12] month period, based on and in accordance with the applicable Financing Plan (the "Forecast"). OPG will be required to deliver the Forecast to the Province not less than • Toronto business days prior to the proposed incurrence of the first funding obligation. The Province will confirm the Program Maximum in writing to OPG and the financing entity.

The Forecast will be updated and delivered to the Province [quarterly] thereafter, or more frequently if OPG so elects, to reflect the maximum payment obligations expected to arise under

Approved Obligations during the [12] month period immediately following the date of such updated Forecast, based on and in accordance with the applicable Financing Plan. Upon receiving an updated Forecast, the Province will determine whether or not the Program Maximum will be revised. Any determination to revise the Program Maximum will be confirmed by setting out a new Program Maximum in a written notice from the Province to OPG, the delivery of which will be conclusive evidence that such new Program Maximum will apply until further so revised.

On-Going Deliveries to the Province

Prior to the initial issuance of any funding obligation by the financing entity, OPG will provide the Province with a copy of the applicable Financing Plan and will promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

Not later than • Toronto business days prior to the use or other dissemination by or on behalf of the financing entity of a disclosure document (including any offering circular, prospectus or other investor disclosure statement) respecting a funding obligation that will constitute an Approved Obligation, OPG will provide the Province with a copy of such disclosure document.

Not later than • Toronto business days prior to the incurrence by the financing entity of a funding obligation that will constitute an Approved Obligation, OPG will provide the Province with a written summary of the final terms and conditions of the proposed funding obligation.

Promptly following any incurrence of a funding obligation that constitutes an Approved Obligation or any amendment of such a funding obligation, OPG will be provide the Province with electronic copies of all related governing and all other closing documents executed by or on behalf of the financing entity in connection with such incurrence or amendment that would affect the financing entity's assets or obligations.

Upon request, OPG will provide the Province with such additional information and documentation as the Province requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

For greater certainty, a failure by OPG to make the foregoing deliveries will not constitute a failure to satisfy the Adherence Conditions.

Covenants of OPG

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

(a) OPG will comply and ensure compliance by any financing entity (including as Financial Services Manager) with the OFHPA, the General Regulation and any other enactment related thereto;

(b) OPG will promptly notify the Province of the creation of any funding obligation that OPG determines is not or would not be an Approved Obligation;

(c) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), OPG will not, without the Province's prior written consent, permit any financing entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected;

(d) if a funding obligation that is incurred includes a contingent obligation, OPG will ensure that the governing document for such funding obligation sets forth a maximum amount in order to limit the possible claim amount thereunder and OPG will ensure that such maximum amount is not increased without the Province's prior written consent; and

(e) OPG will ensure that any disclosure (including in any offering document) that refers to or describes the terms, effect or adherence of the Change of Law Protection Agreement will be subject to the prior review and approval of the Province.

For greater certainty, a failure by OPG to perform such covenants will not constitute a failure to satisfy the Adherence Conditions.

Adherence of the Change of Law Protection Agreement to Approved Obligations

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

Approval Process

Subject to satisfaction of the conditions described under "Adherence Condition", below, the Change of Law Protection Agreement will apply (without duplication) in respect of the following "Specified Claims" (as defined in the Term Sheet) of the applicable financing entity (collectively, the "Approved Obligations"):

1. repayments[1], other than to the extent that funds are available for payment thereof from one or more committed refinancings or from amounts on deposit in a capital account ~~or~~, finance reserve account or supplemental reserve account or from payment proceeds under a related derivative agreement ("Principal Obligations");

2. obligations incurred by the financing entity to pay specified redemption amounts, other than to the extent that funds are available for payment thereof from one or more refinancings or from amounts on deposit in a capital account ~~or~~, finance reserve account or supplemental reserve account or from payment proceeds under a related derivative agreement ("Redemption Obligations");

3. interest payable under outstanding indebtedness of the financing entity, other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account, from a funding rebate[2] or from payment proceeds under a related derivative agreement ("Interest Obligations");

4. derivative payments due and payable by the financing entity, determined on a net payment basis after the application of any collateral posted or available for posting by or on behalf of the financing entity to or for the benefit of the applicable counterparty, other than to the extent that funds are available for payment thereof from a capital account ~~or~~, finance reserve account or supplemental reserve account or from a funding rebate ("Hedging Obligations");

5. other funding costs due and payable by the financing entity and that are not included in 2, 3 or 4, above, other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account or from a funding rebate ("Other Funding Obligations"); and

6. finance entity expenses, due and payable by the financing entity and that are not included in 2 to 5, above and [other than amounts charged by the Financial Services Manager][~~2~~3],

[1] This assumes that repayments will only include scheduled principal amounts, without regard to default and acceleration.

[2] Incorporate alternative GA stream, as applicable, in relation to all covered amounts – including interest, derivative payments, other funding costs and expenses contemplated in paras. 3 to 6.

[~~2~~3] Confirm arrangements with OPG.

other than to the extent that funds are available for payment thereof from a finance reserve account or supplemental reserve account or from a funding rebate ("Third Party Expense Obligations"),

but excluding in each case payments due and payable by the financing entity in respect of any contingent obligation of the financing entity to the extent that such payments would in the aggregate exceed the maximum amount specified therefor in the applicable governing document.

For greater certainty, the Change of Law Protection Agreement will not apply to any other amount or obligation of the financing entity, including (a) any ~~redemption~~ amounts that are or become payable ~~at~~as a result of the exercise of an option of the financing entity following a Protection Event (e.g., redemption or extension rights), (b) amounts required to be deposited by or on behalf of the financing entity into any capital account ~~or~~, finance reserve account or supplemental reserve account, (c) tax liabilities and (d) contingent payment obligations that exceed the maximum amount therefor specified in the applicable governing document.

Adherence Conditions

The Change of Law Protection Agreement will bind the Province in respect of a funding obligation that is an Approved Obligation if:

1. at the time the funding obligation is incurred, the maximum aggregate payment amounts due or becoming due under the funding obligation, together with all other outstanding or committed Approved Obligations, do not exceed the Program Maximum;

2. OPG delivers a certificate, signed by at least two executive officers of OPG and addressed to the Province, not less than ~~[3]~~• Toronto business days prior to the incurrence or any amendment of the funding obligation, setting out the following with respect to the funding obligation:

   (a) the following information respecting a funding obligation to be incurred:

      (i) in the case of an incurrence of any related Principal Obligation, material details respecting such Principal Obligation, including the amount, timing and conditions of repayments (including any redemption or extension rights), the basis for OPG's expectations regarding the availability of any related refinancings, any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the Principal Obligation, and the rating (if any) contemplated to be attributed to the Principal Obligation;

      (ii) in the case of an incurrence of any related Redemption Obligation, material details respecting such Redemption Obligation, including the basis for determining to exercise any right, option or privilege that would result in an obligation to redeem, prepay or pay prior to a scheduled maturity any Approved Obligation, the basis for OPG's expectations regarding the

availability of any related refinancings, and any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the Redemption Obligation;

(iii) in the case of an incurrence of any related Interest Obligation, material details respecting such Interest Obligation, including the applicable rate or rates (including default rates) and the timing and any conditions of payments, any required deposits to be made into a finance reserve account or supplemental account or the availability of any funding rebates in order to provide for payment of the Interest Obligation, and the rating (if any) contemplated to be attributed to the Interest Obligation;

(iv) in the case of an incurrence of any related Hedging Obligation, material details respecting such Hedging Obligation, including the counterparty payor(s), the credit ratings (if any) of the payor(s), the anticipated risk or risks to be mitigated by the related derivative agreement, the circumstances in which the Hedging Obligation may not achieve such mitigation or be subject to early termination and whether collateral posting requirements will apply;

(v) in the case of an incurrence of any related Other Funding Obligation and any related Third Party Expense Obligation, material details respecting such obligations, including the payees, the timing and any conditions of payments, and any required deposits to be made into a finance reserve account or supplemental account or the availability of any funding rebates in order to provide for payment of such obligations;

(vi) in the case of any contingent obligation, material details respecting the contingent obligation of the financing entity under the funding obligation, including the nature and extent of any contingent payment, the circumstances in which the payment may arise and the maximum amount specified therefor in the applicable governing document;

(b) if an existing funding obligation is to be amended, material details respecting such amendment and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the funding obligation, including regarding the applicable details set forth in (a), above, as the context requires;

(c) a statement that:

(i) the Principal Obligations, Redemption Obligations, Interest Obligations and Hedging Obligations becoming payable under the funding obligation (1) will arise under terms and conditions that are "Substantially in the Form" of the Reviewed Documentation applicable thereto; ~~and~~ (2) in the opinion of such officers, are reasonably incurred in compliance with the OFHPA, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial

services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions;

(ii) the Other Funding Obligations and Third Party Expense Obligations becoming payable under the funding obligation (1) will, in the opinion of such officers, be reasonably incurred in compliance with the OFHPA, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (2) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (3) reflect, in all material respects, arm's length terms and conditions;

(iii) any Disclosure Document used in connection with the offering and sale of notes ~~or~~, bonds or other securities is "Substantially in the Form" of the Reviewed Documentation; and

(d) confirmation that if the funding obligation includes any contingent obligation, the applicable governing document for the funding obligation sets forth a maximum amount therefor; and

3. the Province has not provided written notice to OPG within ~~2~~• Toronto business days of receiving the certificate specified in 2, above, in respect of a proposed funding obligation stating that the Change of Law Protection Agreement shall not apply in respect of the funding obligation.

If the Adherence Conditions are satisfied, it will not be necessary for the Province to specifically approve the particular terms, conditions or documentation ~~related to~~for the related funding obligations.

In connection with an incurrence or amendment of a funding obligation, OPG may certify to interested third parties that Adherence Condition 2[~~3~~4] with respect thereto has been satisfied. Such certification shall be determinative (regardless of any inaccuracies, incompleteness or other defect in the certificate delivered) and may be relied upon by any addressee as conclusive evidence of same.

Reviewed Documentation

OPG will ensure that not less than ~~20~~• Toronto business days prior to the initial issuance of any funding obligation by the financing entity, the Province will have received copies, in substantially final form, of the following documents:

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

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

[~~3~~4] Should this only relate to the certification or also the maximum program and the absence of a negating notice?

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

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

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

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

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

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

(i) the form of any other agreement or instrument under which a Principal Obligation, a Redemption Obligation, an Interest Obligation, a Hedging Obligation or an Other Funding Obligation may arise or be affected. For example, any other agreement under which the financing entity incurs a material financial obligation or that affects the Province's subrogation rights and subrogee interests must be provided to the Province and, if accepted, become part of the Reviewed Documentation in the future, such as standby liquidity arrangements or credit enhancement agreements;

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

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

If acceptable, the Province will confirm that such reviewed documents shall be the "Reviewed Documentation" for the purposes of Adherence Condition 2(c).

Any proposed changes, additions or supplements to the Reviewed Documentation will be provided to the Province not less than ~~10~~• Toronto business days prior to any proposed use or such documents becoming effective. Such modified, additional or supplemental documentation will only become "Reviewed Documentation" for the purposes of satisfying Adherence Condition 2(c) if the Province confirms same not less than ~~[2]~~• Toronto business days prior to the delivery and effective time of the certificate contemplated in Adherence Condition 2.

For the purposes of Adherence Condition 2(c), the term "Substantially in the Form" means:

(a) with respect to the Reviewed Documentation referred to in (a) to (j), above, that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the Approved Obligations, including regarding the amount of the payment obligations or the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or interests as a subrogee as a result of performing the Change of Law Protection Agreement with respect to any Approved Obligation;

(b) with respect to the Reviewed Documentation referred to in (e) to (h), above, and possibly (i) and (j) as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of the obligations arising thereunder and as to the timing, conditions and circumstances in which such obligations may arise, but without regard to the ~~specific~~particular financial terms, rates, levels and parameters set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation specify specific requirements, limitations or parameters with respect thereto; and

(c) with respect to the Disclosure Document referred to in (k), above, that there are no material differences between the form and substance of the proposed disclosure document and such Disclosure Document and that such proposed disclosure document complies in all material respects with all securities disclosure requirements relating to the Funding Obligation subject to distribution thereunder.

Program Maximum

The Program Maximum will be determined by the Province prior to the initial issuance of the first funding obligation. In determining the Program Maximum, the Province will have regard to (but not be bound by) OPG's forecast of the maximum payment obligations expected to arise under Approved Obligations during the next [12] month period, based on and in accordance with the applicable Financing Plan (the "Forecast"). OPG will be required to deliver the Forecast to the Province not less than ~~[20]~~• Toronto business days prior to the proposed incurrence of the first funding obligation. The Province will confirm the Program Maximum in writing to OPG and the financing entity.

The Forecast will be updated and delivered to the Province [quarterly] thereafter, or more frequently if OPG so elects, to reflect the maximum payment obligations expected to arise under Approved Obligations during the [12] month period immediately following the date of such updated Forecast, based on and in accordance with the applicable Financing Plan. Upon receiving an updated Forecast, the Province will determine whether or not the Program Maximum will be revised. Any determination to revise the Program Maximum will be confirmed by setting out a new Program Maximum in a written notice from the Province to OPG,

the delivery of which will be conclusive evidence that such new Program Maximum will apply until further so revised.

On-Going Deliveries to the Province

Prior to the initial issuance of any funding obligation by the financing entity, OPG will provide the Province with a copy of the applicable Financing Plan and will promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

Not later than ~~20~~• Toronto business days prior to the use or other dissemination by or on behalf of the financing entity of a disclosure document (including any offering circular, prospectus or other investor disclosure statement) respecting a funding obligation that will constitute an Approved Obligation, OPG will provide the Province with a copy of such disclosure document.

Not later than ~~5~~• Toronto business days prior to the incurrence by the financing entity of a funding obligation that will constitute an Approved Obligation, OPG will provide the Province with a written summary of the final terms and conditions of the proposed funding obligation.

Promptly following any incurrence of a funding obligation that constitutes an Approved Obligation or any amendment of such a funding obligation, OPG will be provide the Province with electronic copies of all related governing and all other closing documents executed by or on behalf of the financing entity in connection with such incurrence or amendment that would affect the financing entity's assets or obligations.

Upon request, OPG will provide the Province with such additional information and documentation as the Province requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

For greater certainty, a failure by OPG to make the foregoing deliveries will not constitute a failure to satisfy the Adherence Conditions.

Covenants of OPG

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

(a) OPG will comply and ensure compliance by any financing entity (including as Financial Services Manager) with the OFHPA, the General Regulation and any other enactment related thereto;

(b) OPG will promptly notify the Province of the creation of any funding obligation that OPG determines is not or would not be an Approved Obligation;

(c) ~~(b)~~ after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), OPG will not, without the Province's prior written consent, permit any financing entity to exercise any redemption, pre-payment ~~or~~, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved

Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected;

(d) ~~(c)~~ if a funding obligation that is incurred includes a contingent obligation, OPG will ensure that the governing document for such funding obligation sets forth a maximum amount in order to limit the possible claim amount thereunder and OPG will ensure that such maximum amount is not increased without the Province's prior written consent; and

(e) ~~(d)~~ OPG will ensure that any disclosure (including in any offering document) that refers to or describes the terms, effect or adherence of the Change of Law Protection Agreement will be subject to the prior review and approval of the Province.

For greater certainty, a failure by OPG to perform such covenants will not constitute a failure to satisfy the Adherence Conditions.

Document comparison by Workshare Compare on Wednesday, September 27, 2017 11:56:42 AM

Input:	
Document 1 ID	PowerDocs://TOR_2024/12913400/3
Description	TOR_2024-#12913400-v3-OFHPA_-_Province_Support_-_Obligor_Approval_Process
Document 2 ID	PowerDocs://TOR_2024/12913400/4
Description	TOR_2024-#12913400-v4-OFHPA_-_Province_Support_-_Obligor_Approval_Process
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	58
Deletions	33
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	91

From:	Mike Manning
To:	Tobias P. Whitfield (MOF); Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Mark Donaldson (MOF); Gavin He; Anis Hirani; John Kim
Cc:	McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); stephen.ashbourne@blakes.com; Malle Hanslep (MOF)
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Tuesday, September 26, 2017 1:06:22 PM

Happy to participate as well.
Mike

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, September 25, 2017 5:13 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; stephen.ashbourne@blakes.com; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

I just wanted to follow up on this and see if there are any comments on this, or if there is an appetite to have a meeting to review the proposal before we send it back to OPG.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Sent: September 22, 2017 11:41 AM
To: Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Katona, Keley (MOF); Donaldson, Mark (TBS); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA) (John.Kim@ofina.on.ca)
Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); stephen.ashbourne@blakes.com; Hanslep, Malle (MOF)
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

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Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); stephen.ashbourne@blakes.com; Hanslep, Malle (MOF)
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We at MOF Legal along with Energy Legal and Stephen Ashbourne are in the process of reviewing their proposal and preparing comments. We will have significant comments and questions about this proposal, but wanted to give everyone a chance to review the OPG proposal so that we can discuss those comments as soon as we are ready to do so.

Toby

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Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 19, 2017 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

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(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in

accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

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From:	Ronald Kwan
To:	Ken Kandeepan; Tobias P. Whitfield (MOF); Mike Manning; Gadi Mayman; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Gavin He; Anis Hirani; John Kim
Cc:	McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); stephen.ashbourne@blakes.com; Malle Hanslep (MOF)
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Monday, September 25, 2017 5:27:46 PM

Agreed.

Ron

From: Ken Kandeepan
Sent: September-25-17 17:17
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
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Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Might be easier to have a quick meeting or tele conference.

Thanks

Ken k

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Sent: September 19, 2017 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina
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From:	Hanslep, Malle (MOF)
To:	Ramchandani, Rima
Cc:	Mansoori, Nina; Tobias P. Whitfield (MOF); LEE John -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV; Feldman, Michael; Olusoga, Yinka; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS); Thouin, Alena (ENERGY); Tom McKinlay (MAG); STEPHEN.ASHBOURNE@blakes.com; LADAK Lubna -TREASURY; Emes, Aaron; Hill, Krista
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Tuesday, October 24, 2017 11:06:52 AM

Thanks Rima. Would you please also circulate to Tom McKinlay in addition to the others noted below.

Malle

-----Original Message-----

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: October 23, 2017 7:32 PM

To: Hanslep, Malle (MOF)

Cc: Mansoori, Nina; Whitfield, Tobias P. (MOF); LEE John -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); STEPHEN.ASHBOURNE@blakes.com; LADAK Lubna -TREASURY; Emes, Aaron; Hill, Krista

Subject: Re: Fair Hydro -- Change of Law Assumption Agreement

Hi Malle, we have asked Osler to accelerate circulation of the draft supplemental indenture for the long term debt — we hope to have that by mid-week and will send it you on receipt. As with the supp for the short term debt, the draft will not have been reviewed by Torys or OPG but in the interests of time, we will circulate it to you concurrently. We will also start including you on any circulations of revised drafts of the other agreements. Unless we hear differently, we will include you, Toby, Alena and Steve.

Regarding timing, we understand that the short term facility would close very soon after the long term issuance (from a workload perspective, we are treating them as closing almost concurrently). Closing of the long term debt is targeted for the first week of December and closing of the short term debt is targeted for the second week of December. Marketing of the long-term debt would occur in late November but only once we have concluded the rating agency process. The dealers have advised us that the rating agencies will be interested in understanding the change of law agreement in particular, which is why we have been focused on having that agreement circulated and substantially settled with the dealers and their counsel as soon as possible.

Please feel free to reach out if you would like to discuss live.

Thanks,

Rima

Sent from my iPhone

On Oct 22, 2017, at 9:43 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Nina,

We do think that it is important for the wording of the protection agreement to appropriately encompass the financing and various instruments that are to be guaranteed by the Province should one of the events as set out in the term sheet occur. The Province has not determined whether the approach suggested to separate the two documents is appropriate. If it is the proposed long term financing that is planned to be done by year-end and there is a desire to substantially settle the terms of the Protection Agreement by the early November, I don't understand why a draft of the long term financing supplemental indenture would not be available for review yet.

When is it expected that the warehousing facility would be put in place?

Thanks.

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679 -----Original Message-----

From: Mansoori, Nina [mailto:nmansoori@torys.com]

Sent: October 21, 2017 11:28 PM

To: Whitfield, Tobias P. (MOF)

Cc: 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>'; 'LADAK Lubna - TREASURY'; Emes, Aaron; Mansoori, Nina

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thanks for your email. Based on the term sheet, since the Province isn't guaranteeing the obligations under these agreements but only stepping in if there is a change of law "protection event", we did not expect the drafting of the Change of Law Protection Agreement would be implicated by these other agreements (particularly now that we have proposed dealing with the Province's approval of the various program agreements in a separate procedures document). We also understand that in order to be in a position to close on a financing before year end, the Change of Law Protection Agreement needs to be substantially settled by early November. If that is still the case, then we expect the dealers and their counsel will need to see a draft in this coming week.

In the interest of time, we have attached an initial draft of the supplemental indenture for the warehouse facility which, as noted previously, has not yet been reviewed by OPG and Torys. The supplemental for the long term financing will be a simpler document - with mechanics for issuing the notes and pricing information but likely no additional covenants and events of default and no drawdown mechanics like the warehouse facility.

We will start copying the Province and Blakes on circulations of all documents going forward. Please let us know if the entire team on this email should be copied or only Blakes and the Provincial legal team.

Best Regards,

Nina

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=u7e_8BAbrPk-lyNiLyFcppLX9CXZE6a7Y6FKF7UQIJU&s=XHzKMFUENyQfQxTQI_81xladoeuggppni5BqaXx4qkI&e= >

-----Original Message-----

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: October-21-17 8:53 AM

To: Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>

Cc: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca>>; Devine, James (OFA) <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Cengarle, John (MOF) <John.Cengarle@ontario.ca<mailto:John.Cengarle@ontario.ca>>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>; He, Gavin (OFA) <Gavin.He@ofina.on.ca<mailto:Gavin.He@ofina.on.ca>>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca<mailto:Anis.Hirani@ofina.on.ca>>; Kim, John (OFA) <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>'

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Subject: Re: Fair Hydro -- Change of Law Assumption Agreement

Nina,

We are working on a draft of the Change of Law Protection Agreement, but cannot complete the drafting until we have seen a draft of the Supplemental Indenture and the other instruments that are to be guaranteed.

We are also working on drafting some responses and comments to your comments from Wednesday on the approval process document, and will get back to you with those soon.

Best

Toby

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

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Phone: 416-325-1456

From: Mansoori, Nina

Sent: Friday, October 20, 2017 10:23 AM

To: Whitfield, Tobias P. (MOF)

Cc: 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>'; 'LADAK Lubna -TREASURY'; Emes, Aaron; Mansoori, Nina

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

In the interest of time, we have drafted a procedures agreement incorporating the approval mechanics we circulated below. As noted in previous correspondence, we think the approval process should be the subject of a separate agreement and not included in the Change of Law Protection Agreement you are drafting. Please note that the attached remains subject to the continuing review of OPG and Torys.

Can you please also let us know when we can expect to see a draft of the Change of Law Protection Agreement?

Many thanks,

Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina

Sent: October-18-17 9:53 AM

To: 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>

Cc: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca>>; Devine, James (OFA) <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Cengarle, John (MOF) <John.Cengarle@ontario.ca<mailto:John.Cengarle@ontario.ca>>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>; He, Gavin (OFA) <Gavin.He@ofina.on.ca<mailto:Gavin.He@ofina.on.ca>>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca<mailto:Anis.Hirani@ofina.on.ca>>; Kim, John (OFA) <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,

Nina

Nina Mansoori

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: October-13-17 4:47 PM

To: Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com><mailto:nmansoori@torys.com>>

Cc: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com><mailto:yolusoga@torys.com>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca><mailto:Mark.Donaldson@ontario.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca><mailto:Gadi.Mayman@ofina.on.ca>>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca><mailto:Ronald.Kwan@ofina.on.ca>>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca><mailto:Ken.Kandeepan@ofina.on.ca>>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca><mailto:Scott.Nelms@ontario.ca>>; Devine, James (OFA) <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca><mailto:James.Devine@ofina.on.ca>>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca><mailto:Carlos.Yep@ofina.on.ca>>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca><mailto:Anna.Strathy@ofina.on.ca>>; Cengarle, John (MOF) <John.Cengarle@ontario.ca<mailto:John.Cengarle@ontario.ca><mailto:John.Cengarle@ontario.ca>>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca><mailto:Ronald.Kwan@ofina.on.ca>>; Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca><mailto:Keley.Katona@ontario.ca>>; He, Gavin (OFA) <Gavin.He@ofina.on.ca<mailto:Gavin.He@ofina.on.ca><mailto:Gavin.He@ofina.on.ca>>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca<mailto:Anis.Hirani@ofina.on.ca><mailto:Anis.Hirani@ofina.on.ca>>; Kim, John (OFA) <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca><mailto:John.Kim@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca><mailto:Cindy.Veinot@ontario.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca><mailto:Alena.Thouin@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca><mailto:Tom.McKinlay@ontario.ca>>; 'STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com><mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best

Toby

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

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Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]

Sent: October 6, 2017 5:58 PM

To: Whitfield, Tobias P. (MOF)

Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>'; 'LADAK Lubna -TREASURY'

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,

Nina

Accounting Issues:

E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence -that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt -the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts) -the negative pledge with respect to the exercise of certain options on the debt -the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

* The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt

issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.

* In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

* Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.

* We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?

* There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.

* We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: September-27-17 4:21 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com> <mailto:nmansoori@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com> <mailto:ken.ryfa@opg.com>>

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Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best

Toby

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

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Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: September 25, 2017 12:21 PM

To: 'STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)

Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,

Rima

Rima Ramchandani

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79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=u7e_8BAbrPk-lyNiLyFcppLX9CXZE6a7Y6FKF7UQIJU&s=XHzKMFUENyQfQxTQI_81xladoeuggppni5BqaXx4qkI&e= ><https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=u7e_8BAbrPk-lyNiLyFcppLX9CXZE6a7Y6FKF7UQIJU&s=XHzKMFUENyQfQxTQI_81xladoeuggppni5BqaXx4qkI&e= >

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From: Ramchandani, Rima

Sent: September-19-17 9:55 PM

To: 'STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com><mailto:STEPHEN.ASHBOURNE@blakes.com>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca>>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca><mailto:Tobias.Whitfield@ontario.ca>>

Cc: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com> <mailto:leslie.wong@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com> <mailto:nmansoori@torys.com>>

Subject: Fair Hydro -- Change of Law Assumption Agreement

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P. 416.865.7666

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From:	Ken Kandeepan
To:	Tobias P. Whitfield (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Mark Donaldson (MOF); Gavin He; Anis Hirani; John Kim
Cc:	McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); stephen.ashbourne@blakes.com; Malle Hanslep (MOF)
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Monday, September 25, 2017 5:17:03 PM

Might be easier to have a quick meeting or tele conference.

Thanks

Ken k

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, September 25, 2017 5:13 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; stephen.ashbourne@blakes.com; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

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Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: September 22, 2017 11:41 AM
To: Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Katona, Keley (MOF); Donaldson, Mark (TBS); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA) (John.Kim@ofina.on.ca)
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To: Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Katona, Keley (MOF); Donaldson, Mark (TBS); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA) (John.Kim@ofina.on.ca)
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From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 19, 2017 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael;

Ramchandani, Rima; Mansoori, Nina
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TORYS LLP[torys.com]

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of the final executed Program Documents.

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

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From:	Hanslep, Malle (MOF)
To:	Ramchandani, Rima; "STEPHEN.ASHBOURNE@blakes.com"; Tobias P. Whitfield (MOF); Thouin, Alena (ENERGY)
Cc:	LEE John -TREASURY; RYFA Ken -TREASURY; "WONG Leslie -LAWDIV"; Feldman, Michael; Mansoori, Nina; Gadi Mayman; Mike Manning; Ken Kandeepan; Scott Nelms (ENERGY); Keley Katona (ENERGY); Ronald Kwan
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Monday, September 25, 2017 12:48:03 PM

Hi Rima,

We are reviewing this internally and anticipate providing you with detailed comments in the next few days. Thanks.

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
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Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle

(MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

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P. 416.865.7666

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From:	Donaldson, Mark (TBS)
To:	Tobias P. Whitfield (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS)
Cc:	McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); stephen.ashbourne@blakes.com; Malle Hanslep (MOF)
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Friday, September 22, 2017 1:36:52 PM

Reply to all to get Cindy V. back on this email thread.

Thanks.

From: Whitfield, Tobias P. (MOF)
Sent: September 22, 2017 11:41 AM
To: Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; stephen.ashbourne@blakes.com; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

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One issue to note in particular is the process relating to the Program Maximum amount, and the proposed timing for addressing approvals relating to that amount.

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Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: September 20, 2017 3:20 PM

To: Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Katona, Keley (MOF); Donaldson, Mark (TBS); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA) (John.Kim@ofina.on.ca)
Cc: McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); stephen.ashbourne@blakes.com; Hanslep, Malle (MOF)
Subject: FW: Fair Hydro -- Change of Law Assumption Agreement

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Ministry of Finance
tobias.whitfield@ontario.ca
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Sent: September 19, 2017 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina
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To:	Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Mark Donaldson (MOF); Gavin He; Anis Hirani; John Kim
Cc:	McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); stephen.ashbourne@blakes.com; Malle Hanslep (MOF)
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Friday, September 22, 2017 11:41:12 AM
Attachments:	12913400-v3-OFHPA - Province Support - Obligor Approval Process.docx

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Adherence of the Change of Law Protection Agreement to Approved Obligations

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

Approval Process

Subject to satisfaction of the conditions described under "Adherence Condition", below, the Change of Law Protection Agreement will apply (without duplication) in respect of the following "Specified Claims" (as defined in the Term Sheet) of the applicable financing entity (collectively, the "Approved Obligations"):

1. repayments[1], other than to the extent that funds are available for payment thereof from one or more committed refinancings or from amounts on deposit in a capital account or finance reserve account or from payment proceeds under a related derivative agreement ("Principal Obligations");

2. obligations incurred by the financing entity to pay specified redemption amounts, other than to the extent that funds are available for payment thereof from one or more refinancings or from amounts on deposit in a capital account or finance reserve account or from payment proceeds under a related derivative agreement ("Redemption Obligations");

3. interest payable under outstanding indebtedness of the financing entity, other than to the extent that funds are available for payment thereof from a finance reserve account, from a funding rebate or from payment proceeds under a related derivative agreement ("Interest Obligations");

4. derivative payments due and payable by the financing entity, determined on a net payment basis after the application of any collateral posted or available for posting by or on behalf of the financing entity to or for the benefit of the applicable counterparty, other than to the extent that funds are available for payment thereof from a capital account or finance reserve account or from a funding rebate ("Hedging Obligations");

5. other funding costs due and payable by the financing entity and that are not included in 2, 3 or 4, above, other than to the extent that funds are available for payment thereof from a finance reserve account or from a funding rebate ("Other Funding Obligations"); and

6. finance entity expenses, due and payable by the financing entity and that are not included in 2 to 5, above and [other than amounts charged by the Financial Services Manager][2], other than to the extent that funds are available for payment thereof from a finance reserve account or from a funding rebate ("Third Party Expense Obligations"),

[1] This assumes that repayments will only include scheduled principal amounts, without regard to default and acceleration.

[2] Confirm arrangements with OPG.

but excluding in each case payments due and payable by the financing entity in respect of any contingent obligation of the financing entity to the extent that such payments would in the aggregate exceed the maximum amount specified therefor in the applicable governing document.

For greater certainty, the Change of Law Protection Agreement will not apply to any other amount or obligation of the financing entity, including (a) any redemption amounts that are or become payable at the option of the financing entity following a Protection Event, (b) amounts required to be deposited by or on behalf of the financing entity into any capital account or finance reserve account, (c) tax liabilities and (d) contingent payment obligations that exceed the maximum amount therefor specified in the applicable governing document.

Adherence Conditions

The Change of Law Protection Agreement will bind the Province in respect of a funding obligation that is an Approved Obligation if:

1. at the time the funding obligation is incurred, the maximum aggregate payment amounts due or becoming due under the funding obligation, together with all other outstanding or committed Approved Obligations, do not exceed the Program Maximum;

2. OPG delivers a certificate, signed by at least two executive officers of OPG and addressed to the Province, not less than [3] Toronto business days prior to the incurrence or any amendment of the funding obligation, setting out the following with respect to the funding obligation:

   (a) the following information respecting a funding obligation to be incurred:

      (i) in the case of an incurrence of any related Principal Obligation, material details respecting such Principal Obligation, including the amount, timing and conditions of repayments, the basis for OPG's expectations regarding the availability of any related refinancings, any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the Principal Obligation, and the rating (if any) contemplated to be attributed to the Principal Obligation;

      (ii) in the case of an incurrence of any related Redemption Obligation, material details respecting such Redemption Obligation, including the basis for determining to exercise any right, option or privilege that would result in an obligation to redeem, prepay or pay prior to a scheduled maturity any Approved Obligation, the basis for OPG's expectations regarding the availability of any related refinancings, and any required deposits to be made into a capital account or a finance reserve account in order to provide for payment of the Redemption Obligation;

(iii) in the case of an incurrence of any related Interest Obligation, material details respecting such Interest Obligation, including the applicable rate or rates (including default rates) and the timing and any conditions of payments, any required deposits to be made into a finance reserve account or the availability of any funding rebates in order to provide for payment of the Interest Obligation, and the rating (if any) contemplated to be attributed to the Interest Obligation;

(iv) in the case of an incurrence of any related Hedging Obligation, material details respecting such Hedging Obligation, including the counterparty payor(s), the credit ratings (if any) of the payor(s), the anticipated risk or risks to be mitigated by the related derivative agreement, the circumstances in which the Hedging Obligation may not achieve such mitigation or be subject to early termination and whether collateral posting requirements will apply;

(v) in the case of an incurrence of any related Other Funding Obligation and any related Third Party Expense Obligation, material details respecting such obligations, including the payees, the timing and any conditions of payments, and any required deposits to be made into a finance reserve account or the availability of any funding rebates in order to provide for payment of such obligations;

(vi) in the case of any contingent obligation, material details respecting the contingent obligation of the financing entity under the funding obligation, including the nature and extent of any contingent payment, the circumstances in which the payment may arise and the maximum amount specified therefor in the applicable governing document;

(b) if an existing funding obligation is to be amended, material details respecting such amendment and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the funding obligation, including regarding the applicable details set forth in (a), above, as the context requires;

(c) a statement that:

(i) the Principal Obligations, Redemption Obligations, Interest Obligations and Hedging Obligations becoming payable under the funding obligation (1) will arise under terms and conditions that are "Substantially in the Form" of the Reviewed Documentation applicable thereto; and (2) in the opinion of such officers, are reasonably incurred in compliance with the OFHPA, the General Regulation, any other enactments related thereto and the applicable Financing Plan;

(ii) the Other Funding Obligations and Third Party Expense Obligations becoming payable under the funding obligation (1) will, in the opinion of such officers, be reasonably incurred in compliance with the OFHPA, the General

Regulation, any other enactments related thereto and the applicable Financing Plan; (2) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (3) reflect, in all material respects, arm's length terms and conditions;

(iii) any Disclosure Document used in connection with the offering and sale of notes or bonds is "Substantially in the Form" of the Reviewed Documentation; and

(d) confirmation that if the funding obligation includes any contingent obligation, the applicable governing document for the funding obligation sets forth a maximum amount therefor; and

3. the Province has not provided written notice to OPG within 2 Toronto business days of receiving the certificate specified in 2, above, in respect of a proposed funding obligation stating that the Change of Law Protection Agreement shall not apply in respect of the funding obligation.

If the Adherence Conditions are satisfied, it will not be necessary for the Province to specifically approve the particular terms, conditions or documentation related to related funding obligations.

In connection with an incurrence or amendment of a funding obligation, OPG may certify to interested third parties that Adherence Condition 2[3] with respect thereto has been satisfied. Such certification shall be determinative (regardless of any inaccuracies, incompleteness or other defect in the certificate delivered) and may be relied upon by any addressee as conclusive evidence of same.

Reviewed Documentation

OPG will ensure that not less than 20 Toronto business days prior to the initial issuance of any funding obligation by the financing entity, the Province will have received copies, in substantially final form, of the following documents:

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

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

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

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

[3] Should this only relate to the certification or also the maximum program and the absence of a negating notice?

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

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

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

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

(i) the form of any other agreement or instrument under which a Principal Obligation, a Redemption Obligation, an Interest Obligation, a Hedging Obligation or an Other Funding Obligation may arise or be affected. For example, any other agreement under which the financing entity incurs a material financial obligation or that affects the Province's subrogation rights and subrogee interests must be provided to the Province and, if accepted, become part of the Reviewed Documentation in the future, such as standby liquidity arrangements or credit enhancement agreements;

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

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

If acceptable, the Province will confirm that such reviewed documents shall be the "Reviewed Documentation" for the purposes of Adherence Condition 2(c).

Any proposed changes, additions or supplements to the Reviewed Documentation will be provided to the Province not less than 10 Toronto business days prior to any proposed use or such documents becoming effective. Such modified, additional or supplemental documentation will only become "Reviewed Documentation" for the purposes of satisfying Adherence Condition 2(c) if the Province confirms same not less than [2] Toronto business days prior to the delivery and effective time of the certificate contemplated in Adherence Condition 2.

For the purposes of Adherence Condition 2(c), the term "Substantially in the Form" means:

(a) with respect to the Reviewed Documentation referred to in (a) to (j), above, that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the Approved Obligations, including regarding the amount of the payment obligations or the timing of

or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or interests as a subrogee as a result of performing the Change of Law Protection Agreement with respect to any Approved Obligation;

(b) with respect to the Reviewed Documentation referred to in (e) to (h), above, and possibly (i) and (j) as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of the obligations arising thereunder and as to the timing, conditions and circumstances in which such obligations may arise, but without regard to the specific financial terms, rates, levels and parameters set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation specify specific requirements, limitations or parameters with respect thereto; and

(c) with respect to the Disclosure Document referred to in (k), above, that there are no material differences between the form and substance of the proposed disclosure document and such Disclosure Document and that such proposed disclosure document complies in all material respects with all securities disclosure requirements relating to the Funding Obligation subject to distribution thereunder.

Program Maximum

The Program Maximum will be determined by the Province prior to the initial issuance of the first funding obligation. In determining the Program Maximum, the Province will have regard to (but not bound by) OPG's forecast of the maximum payment obligations expected to arise under Approved Obligations during the next [12] month period, based on and in accordance with the applicable Financing Plan (the "Forecast"). OPG will be required to deliver the Forecast to the Province not less than [20] Toronto business days prior to the proposed incurrence of the first funding obligation. The Province will confirm the Program Maximum in writing to OPG and the financing entity.

The Forecast will be updated and delivered to the Province [quarterly] thereafter, or more frequently if OPG so elects, to reflect the maximum payment obligations expected to arise under Approved Obligations during the [12] month period immediately following such updated Forecast, based on and in accordance with the applicable Financing Plan. Upon receiving an updated Forecast, the Province will determine whether or not the Program Maximum will be revised. Any determination to revise the Program Maximum will be confirmed by setting out a new Program Maximum in a written notice from the Province to OPG, the delivery of which will be conclusive evidence that such new Program Maximum will apply until further so revised.

On-Going Deliveries to the Province

Prior to the initial issuance of any funding obligation by the financing entity, OPG will provide the Province with a copy of the applicable Financing Plan and will promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

Not later than 20 Toronto business days prior to the use or other dissemination by or on behalf of the financing entity of a disclosure document (including any offering circular, prospectus or other investor disclosure statement) respecting a funding obligation that will constitute an Approved Obligation, OPG will provide the Province with a copy of such disclosure document.

Not later than 5 Toronto business days prior to the incurrence by the financing entity of a funding obligation that will constitute an Approved Obligation, OPG will provide the Province with a written summary of the final terms and conditions of the proposed funding obligation.

Promptly following any incurrence of a funding obligation that constitutes an Approved Obligation or any amendment of a funding obligation, OPG will be provide the Province with electronic copies of all related governing and all other closing documents executed by or on behalf of the financing entity in connection with such incurrence or amendment that would affect the financing entity's assets or obligations.

Upon request, OPG will provide the Province with such additional information and documentation as the Province requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

For greater certainty, a failure by OPG to make the foregoing deliveries will not constitute a failure to satisfy the Adherence Conditions.

Covenants of OPG

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

(a) OPG will comply (including as Financial Services Manager) with the OFHPA, the General Regulation and any other enactment related thereto;

(b) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), OPG will not, without the Province's prior written consent, permit any financing entity to exercise any redemption, pre-payment or early termination right in respect of any Approved Obligation or any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated or otherwise affected;

(c) if a funding obligation that is incurred includes a contingent obligation, OPG will ensure that the governing document for such funding obligation sets forth a maximum amount in order to limit the possible claim amount thereunder and OPG will ensure that such maximum amount is not increased without the Province's prior written consent; and

(d) OPG will ensure that any disclosure (including in any offering document) that refers to or describes the terms, effect or adherence of the Change of Law Protection Agreement will be subject to the prior review and approval of the Province.

For greater certainty, a failure by OPG to perform such covenants will not constitute a failure to satisfy the Adherence Conditions.

From: Hanslep, Malle (MOF)
To: Mansoori, Nina; Tobias P. Whitfield (MOF)
Cc: "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "WONG Leslie -LAWDIV"; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS); Thouin, Alena (ENERGY); Tom McKinlay (MAG); "STEPHEN.ASHBOURNE@blakes.com"; "LADAK Lubna -TREASURY"; Emes, Aaron
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement
Date: Sunday, October 22, 2017 9:43:12 AM

Hi Nina,

We do think that it is important for the wording of the protection agreement to appropriately encompass the financing and various instruments that are to be guaranteed by the Province should one of the events as set out in the term sheet occur. The Province has not determined whether the approach suggested to separate the two documents is appropriate. If it is the proposed long term financing that is planned to be done by year-end and there is a desire to substantially settle the terms of the Protection Agreement by the early November, I don't understand why a draft of the long term financing supplemental indenture would not be available for review yet.

When is it expected that the warehousing facility would be put in place?

Thanks.

Malle

-----Original Message-----

From: Mansoori, Nina [mailto:nmansoori@torys.com]

Sent: October 21, 2017 11:28 PM

To: Whitfield, Tobias P. (MOF)

Cc: 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'; Emes, Aaron; Mansoori, Nina

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thanks for your email. Based on the term sheet, since the Province isn't guaranteeing the obligations under these agreements but only stepping in if there is a change of law "protection event", we did not expect the drafting of the Change of Law Protection Agreement would be implicated by these other agreements (particularly now that we have proposed dealing with the Province's approval of the various program agreements in a separate procedures document). We also understand that in order to be in a position to close on a financing before year end, the Change of Law Protection Agreement needs to be substantially settled by early November. If that is still the case, then we expect the dealers and their counsel will need to see a draft in this coming week.

In the interest of time, we have attached an initial draft of the supplemental indenture for the warehouse facility which, as noted previously, has not yet been reviewed by OPG and Torys. The supplemental for the long term financing will be a simpler document - with mechanics for issuing the notes and pricing information but likely no additional covenants and events of default and no drawdown mechanics like the warehouse facility.

We will start copying the Province and Blakes on circulations of all documents going forward. Please let us know if the entire team on this email should be copied or only Blakes and the Provincial legal team.

Best Regards,

Nina

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: October-21-17 8:53 AM

To: Mansoori, Nina <nmansoori@torys.com>

Cc: 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; Emes, Aaron <aemes@torys.com>; Mansoori, Nina <nmansoori@torys.com>

Subject: Re: Fair Hydro -- Change of Law Assumption Agreement

Nina,

We are working on a draft of the Change of Law Protection Agreement, but cannot complete the drafting until we have seen a draft of the Supplemental Indenture and the other instruments that are to be guaranteed.

We are also working on drafting some responses and comments to your comments from Wednesday on the approval process document, and will get back to you with those soon.

Best

Toby

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

777 Bay Street, 11th Floor

Toronto, ON, M5G 2C8

tobias.whitfield@ontario.ca

Phone: 416-325-1456

From: Mansoori, Nina

Sent: Friday, October 20, 2017 10:23 AM

To: Whitfield, Tobias P. (MOF)

Cc: 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'; Emes, Aaron; Mansoori, Nina

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

In the interest of time, we have drafted a procedures agreement incorporating the approval mechanics we circulated below. As noted in previous correspondence, we think the approval process should be the subject of a separate agreement and not included in the Change of Law Protection Agreement you are drafting. Please note that the attached remains subject to the continuing review of OPG and Torys.

Can you please also let us know when we can expect to see a draft of the Change of Law Protection Agreement?

Many thanks,

Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina

Sent: October-18-17 9:53 AM

To: 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>

Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; Mansoori, Nina <nmansoori@torys.com>

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,

Nina

Nina Mansoori

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: October-13-17 4:47 PM

To: Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>

Cc: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca>>; Devine, James (OFA) <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Cengarle, John (MOF) <John.Cengarle@ontario.ca<mailto:John.Cengarle@ontario.ca>>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>; He, Gavin (OFA) <Gavin.He@ofina.on.ca<mailto:Gavin.He@ofina.on.ca>>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca<mailto:Anis.Hirani@ofina.on.ca>>; Kim, John (OFA) <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best

Toby

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>

Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]

Sent: October 6, 2017 5:58 PM

To: Whitfield, Tobias P. (MOF)

Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,

Nina

Accounting Issues:

E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence -that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt -the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts) -the negative pledge with respect to the exercise of certain options on the debt -the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

* The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.

* In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

* Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.

* We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?

* There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.

* We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: September-27-17 4:21 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>

Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca>>; Devine, James (OFA) <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Cengarle, John (MOF) <John.Cengarle@ontario.ca<mailto:John.Cengarle@ontario.ca>>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>; He, Gavin (OFA) <Gavin.He@ofina.on.ca<mailto:Gavin.He@ofina.on.ca>>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca<mailto:Anis.Hirani@ofina.on.ca>>; Kim, John (OFA) <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best

Toby

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>

Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: September 25, 2017 12:21 PM

To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)

Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3Pkl2znI7RPACN08&m=SdFjKfKJxXbl97ga18wS0RTxgnZzurpXe2nCXtA4G3o&s=NLEalEDahMl3Lgl1nVOeS522DbwnRNfz2d3boXPRidk&e=>

[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com_&d=DwIGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3Pkl2znI7RPACN08&m=SdFjKfKJxXbl97ga18wS0RTxgnZzurpXe2nCXtA4G3o&s=tIhHdzsHcwVl2mF4m8eM3eNHTorMpuI44Tctw82-GhI&e= >

From: Ramchandani, Rima

Sent: September-19-17 9:55 PM

To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>

Cc: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>

Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;

(ii) the management agreement between the Financing Entity and OPG;

(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;

(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;

(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;

(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;

(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and

(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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From: Mansoori, Nina
To: Tobias P. Whitfield (MOF)
Cc: "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "WONG Leslie -LAWDIV"; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS); Malle Hanslep (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG); "STEPHEN.ASHBOURNE@blakes.com"; "LADAK Lubna -TREASURY"; Emes, Aaron; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement
Date: Saturday, October 21, 2017 11:28:35 PM
Attachments: Warehouse Supplement - October 17, 2017.doc

Toby,

Thanks for your email. Based on the term sheet, since the Province isn't guaranteeing the obligations under these agreements but only stepping in if there is a change of law "protection event", we did not expect the drafting of the Change of Law Protection Agreement would be implicated by these other agreements (particularly now that we have proposed dealing with the Province's approval of the various program agreements in a separate procedures document). We also understand that in order to be in a position to close on a financing before year end, the Change of Law Protection Agreement needs to be substantially settled by early November. If that is still the case, then we expect the dealers and their counsel will need to see a draft in this coming week.

In the interest of time, we have attached an initial draft of the supplemental indenture for the warehouse facility which, as noted previously, has not yet been reviewed by OPG and Torys. The supplemental for the long term financing will be a simpler document - with mechanics for issuing the notes and pricing information but likely no additional covenants and events of default and no drawdown mechanics like the warehouse facility.

We will start copying the Province and Blakes on circulations of all documents going forward. Please let us know if the entire team on this email should be copied or only Blakes and the Provincial legal team.

Best Regards,

Nina

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

Torys LLP

79 Wellington St. W., 30th Floor, Box 270, TD South Tower

Toronto, Ontario M5K 1N2 Canada | www.torys.com

-----Original Message-----

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: October-21-17 8:53 AM

To: Mansoori, Nina <nmansoori@torys.com>

Cc: 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>; Emes, Aaron <aemes@torys.com>; Mansoori, Nina <nmansoori@torys.com>

Subject: Re: Fair Hydro -- Change of Law Assumption Agreement

Nina,

We are working on a draft of the Change of Law Protection Agreement, but cannot complete the drafting until we have seen a draft of the Supplemental Indenture and the other instruments that are to be guaranteed.

We are also working on drafting some responses and comments to your comments from Wednesday on the approval process document, and will get back to you with those soon.

Best

Toby

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

777 Bay Street, 11th Floor

Toronto, ON, M5G 2C8

tobias.whitfield@ontario.ca

Phone: 416-325-1456

From: Mansoori, Nina

Sent: Friday, October 20, 2017 10:23 AM

To: Whitfield, Tobias P. (MOF)

Cc: 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'; Emes, Aaron; Mansoori, Nina

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

In the interest of time, we have drafted a procedures agreement incorporating the approval mechanics we circulated below. As noted in previous correspondence, we think the approval process should be the subject of a separate agreement and not included in the Change of Law Protection Agreement you are drafting. Please note that the attached remains subject to the continuing review of OPG and Torys.

Can you please also let us know when we can expect to see a draft of the Change of Law Protection Agreement?

Many thanks,

Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina

Sent: October-18-17 9:53 AM

To: 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>

Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; Mansoori, Nina <nmansoori@torys.com>

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,

Nina

Nina Mansoori

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: October-13-17 4:47 PM

To: Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>

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Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best

Toby

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>

Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]

Sent: October 6, 2017 5:58 PM

To: Whitfield, Tobias P. (MOF)

Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,

Nina

Accounting Issues:

E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence

-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt

-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)

-the negative pledge with respect to the exercise of certain options on the debt

-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

* The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.

* In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

* Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.

* We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?

* There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.

* We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: September-27-17 4:21 PM

To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>

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Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best

Toby

Tobias Whitfield

Counsel, Legal Services Branch

Ministry of Finance

tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>

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From: Ramchandani, Rima [mailto:rramchandani@torys.com]

Sent: September 25, 2017 12:21 PM

To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)

Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

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From: Ramchandani, Rima

Sent: September-19-17 9:55 PM

To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>

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Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;

(ii) the management agreement between the Financing Entity and OPG;

(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;

(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;

(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;

(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;

(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and

(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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SERIES 2017-1 SUPPLEMENTAL INDENTURE

between

[ISSUER] TRUST

by

● TRUST COMPANY OF CANADA
as Issuer Trustee

and

● TRUST COMPANY OF CANADA
as Indenture Trustee

and

●
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of ●, 2017

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FLOATING RATE VARIABLE FUNDING SENIOR NOTES, SERIES 2017-1

SUPPLEMENTAL INDENTURE made as of ●, 2017, between ● **Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of ●, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), ● **Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), ●, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, the Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. All terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them therein.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are

applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting all of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Classes or Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be Senior Notes and will not be subordinated to any other Series, Class or Tranche of Notes;

(k) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer Trustee;

(l) will have a Principal Payment Due Date that is the Series 2017-1 Principal Payment Due Date;

(m) will have a Principal Payment Default Date that is the Series 2017-1 Principal Payment Default Date; and

(n) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including **[December 15, 2017]**, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Series 2017-1 Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Series 2017-1 Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Series 2017-1 Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Series 2017-1 Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Series 2017-1 Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Series 2017-1 Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Series 2017-1 Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On the Series 2017-1 Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser Group and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to [**December 15, 2017**], in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Series 2017-1 Closing Date**"); provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by telecopy (receipt confirmed), substantially in the form of Schedule C no later than **[3:00 p.m.]** (Toronto time) on the third Business Day prior to the Series 2017-1 Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state (x) the Series 2017-1 Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an

"**Increase**"), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by telecopy (receipt confirmed), substantially in the form of Schedule C (an "**Increase Notice**") no later than **[3:00 p.m.]** (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is equal to (A) $**[1,000,000]** or more, or (B) if less, the excess of the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group over the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) Upon receipt of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, the Administrative Agent shall forward (by telecopy or electronic messaging system) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group (or, with respect to any notice pursuant to Section 3.3(e) requiring a Delayed Funding Purchaser Group to decrease its Delayed Amount, the applicable Non-Conduit Purchaser or Funding Agent), no later than **[5:00 p.m.]** (Toronto time) on the day received. After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of such notice from the Administrative Agent, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide telephonic notice to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Series 2017-1 Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser

elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Series 2017-1 Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Indenture Trustee for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Series 2017-1 Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Indenture Trustee for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Series 2017-1 Closing Date or the Increase Date, as applicable, to the Indenture Trustee for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser who shall have previously notified the Issuer in writing that it or any related Program Support Provider may, in the absence of the Group Bank or Non-Conduit Purchaser having the ability to deliver Delayed Funding Notices hereunder, incur charges under, or in anticipation of, Basel III (which may include external charges incurred by the Group Bank, Non-Conduit Purchaser or Program Support Provider or internal charges incurred by any of their businesses) in respect of its Commitment hereunder or any agreement to support such Commitment, or in respect of its interest in the Series 2017-1 Senior Notes, based on its "liquidity coverage ratio" calculated under Basel III, may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to **[12:00 noon]** (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer

pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date.

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than **[12:00 noon]** (Toronto time) on the Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount to the Administrative Agent in immediately available funds, and the Administrative Agent shall distribute such funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Indenture Trustee shall apply amounts paid to it pursuant to Section 3.3(d) in the following order of priority:

(i) As to an amount equal to the Series 2017-1 Cash Reserve Required Amount, by deposit to the Series 2017-1 Cash Reserve Account; and

(ii) as to the balance, in respect of the proceeds of the initial purchase of the Series 2017-1 Notes or a Transfer Increase, by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of the related Transfer and, in respect of the proceeds of a Refinancing Increase, by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the"**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by telecopy (receipt confirmed), substantially in the form of Schedule D (a "**Decrease Notice**") no later than **[3:00 p.m.]** (Toronto time) on the second Business Day prior to such Decrease Date. Each Decrease Notice shall state (x) the Decrease Date, (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**"), and (z) whether the Decrease is being funded with the proceeds of a Refinancing (a "**Refinancing Decrease**") or pursuant to the application of collected Clean Energy Adjustments (a "**CEA Decrease**").

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease. Upon receipt of any notice required by this Section 3.4(a) from the Issuer, the Administrative Agent shall forward (by telecopy or electronic messaging system) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group, no later than **[1:00 p.m.]** (Toronto time) on the Business Day received.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty Business Days from the date on which such notice is delivered). Upon receipt of any Optional Termination Notice from the Issuer, the Administrative Agent shall promptly notify each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group thereof.

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $**[10,000,000]** or a whole multiple of $**[1,000,000]** in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Billing Period (the "**Commitment Fee**") during the period from the Series 2017-1 Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Billing Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer no later than two Business Days prior to each Payment Date, setting forth the Monthly Interest, Fees and Other Amounts with respect to its Related Purchaser Group with respect to the preceding Billing Period.

(d) On each Payment Date, the Monthly Interest, Fees and Other Amounts shall be the amount payable in respect of the Series 2017-1 Notes pursuant to Section 7.04(e)(ii)(A) of the Trust Indenture or Section 8.13(b)(A) of the Trust Indenture, as applicable. On each Payment Date the Indenture Trustee shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Monthly Interest, Fees and Other Amounts with respect to the preceding Billing Period.

(e) If on any Payment Date when distributions of collections are being made under Section 7.04(e)(ii)(A) of the Trust Indenture the amount available to pay Monthly Interest, Fees and Other Amounts under such section is less the Monthly Interest, Fees and Other Amounts, an amount equal to the lesser of (x) such deficiency, and (y) the balance on deposit in the Series

2017-1 Cash Reserve Account shall be withdrawn from the Series 2017-1 Cash Reserve Account and applied to the payment of Monthly Interest, Fees and Other Amounts pursuant to Section 3.6(d).

(f) If the amounts deposited to the Series 2017-1 Distribution Account pursuant to Section 3.6(d) and amounts available pursuant to Section 3.6(e) are insufficient to pay all such amounts in full, the amount available shall be applied in the following order of priority:

(i) Firstly, in respect of Monthly Interest and if insufficient funds are available to pay Monthly Interest in full, to all Purchaser Groups, *pro rata* based on the amount of Monthly Interest owing to each Purchaser Group;

(ii) Secondly, in respect of Commitment Fees and if insufficient funds are available to pay Commitment Fees in full to all Purchaser Groups, *pro rata* based on the amount of Commitment Fees owing to each Purchaser Group; and

(iii) Thirdly, in respect of all other amounts owing to the Purchaser Groups and if insufficient funds are available to pay all other amounts owing in full to all Purchaser Groups, *pro rata* based on the amount of the other amounts owing to each Purchaser Group.

3.7 Repayment of Principal

(a) On each Payment Date, the Payment Date Waterfall Principal Amount shall be the principal amount payable in respect of the Series 2017-1 Senior Notes pursuant to Section 7.04(e)(iii)(A) of the Trust Indenture or Section 8.13(c)(A) of the Trust Indenture, as applicable. On each Payment Date the Indenture Trustee shall, subject to availability of funds, pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the funds allocated to the Series 2017-1 Senior Notes pursuant to Section 7.04(e)(iii)(A) of the Trust Indenture or Section 8.13(c)(A) of the Trust Indenture, as applicable in repayment of the principal amount of the Series 2017-1 Notes.

(b) If on any Payment Date the amount available to the Purchaser Groups pursuant to Section 7.04(e)(iii)(A) of the Trust Indenture or Section 8.13(c)(A) of the Trust Indenture, as applicable, is less than the Payment Date Waterfall Principal Amount, an amount equal to the lesser of (x) such deficiency, and (y) the balance on deposit in the Series 2017-1 Cash Reserve Account shall be withdrawn from the Series 2017-1 Cash Reserve Account and applied to the repayment of principal amount of the Series 2017-1 Notes.

(c) On each Decrease Date in respect of a Refinancing Decrease Date, the Issuer shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Decrease Amount.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer indemnified person**") from and against any loss, liability, expense, damage or injury suffered or

sustained by such Issuer indemnified person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer indemnified person or its officers, directors, agents, principals, employees or employers or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section **[7.04]** of the Trust Indenture, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Monthly Interest and Fees with respect to each Billing Period and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date and the date of any Decrease, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority (collectively, "**Taxes**"), excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other taxes based on or measured by the net income of the Purchaser (but specifically excluding any taxes required to be withheld under Section 1446 of the *Internal Revenue Code* of 1986 (as amended, the "**Code**")) as a result of a present or former connection between the recipient and the jurisdiction of the governmental authority imposing such tax (other

than any such connection arising solely from the recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); and (ii) any Taxes imposed under FATCA (as defined below) (including in the case of (i) and (ii), any interest, penalties and additions to tax) (all such excluded taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a recipient hereunder, the amounts so payable to the recipient shall be increased, and the recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Monthly Interest and Fees shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a recipient, as promptly as possible thereafter the Issuer shall send to such recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to U.S. federal withholding Tax imposed by provisions of Chapter 4 of the Code ("**FATCA**") if the recipient of such payment were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with their obligations under FATCA and to determine that such recipient has complied with it's obligations under FATCA or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a recipient expires or becomes obsolete or inaccurate in any respect, the recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank Purchaser or any Program Support Party (an "**Affected Person**") to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Person's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Person of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Person or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected

Person, or credit extended by an Affected Person pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Person of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Person's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Person under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) of a written request therefore to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid, such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected for such increased cost or such reduction, no later than the Payment Date following receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), if such request is received by the Issuer no later than five (5) Business Days prior to the end of the Billing Period related to such Payment Date, and otherwise on the following Payment Date.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by and seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide sixty (60) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii) relating to any period ending, and of which such Affected Party has had knowledge, more than ninety (90) days prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Trust of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party recompute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter, this Supplemental Indenture, the Manager Indemnity and copies of each of the other Program Agreements certified by an Authorized Officer of the Manager;

(ii) evidence that each of the Issuer Trustee, the IESO and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) a copy of the Declaration of Trust certified by an Authorized Officer of the Manager;

(v) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(vi) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative

Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(b)(vi);

(vii) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Provincial Protection and Assurances Agreement in form and substance satisfactory to the Administration Agent and the Funding Agents;

(viii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 6.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(ix) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(c) The Series 2017-1 Cash Reserve Account shall have been established.

(d) The representations and warranties set forth in Section 12.01 of the Trust Indenture and Section 6.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(e) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(f) An amount equal to the Series 2017-1 Cash Reserve Required Amount shall have been deposited to the Series 2017-1 Cash Reserve Account.

(g) After giving effect to the purchase, the covenant of the Issuer in Section 7.1(d) will be satisfied.

(h) All fees payable on or before the Series 2017-1 Closing Date pursuant to the Fee Letter shall have been paid in full.

(i) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to Each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed.

(e) after giving effect to the Increase, the covenant of the Issuer in Section 7.1(d) will be satisfied.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
ESTABLISHMENT OF ACCOUNTS

5.1 Establishment of Series 2017-1 Cash Reserve Account

On or before the Series 2017-1 Closing Date, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Series 2017-1 Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Series 2017-1 Specified Creditors. The Series 2017-1 Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Series 2017-1 Specified Creditors. If, at any time, the institution holding the Series 2017-1 Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Series 2017-1 Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such

Series 2017-1 Cash Reserve Account to such new Series 2017-1 Cash Reserve Account. From the date each such new Series 2017-1 Cash Reserve Account is established, it shall be the "Series 2017-1 Cash Reserve Account." The Series 2017-1 Cash Reserve Account is a Finance Reserve Account for the purposes of the Trust Indenture.

5.2 Series Account

The Series 2017-1 Cash Reserve Account is established solely for the benefit of the Series 2017-1 Notes and the holders thereof.

5.3 Waterfall Deposits to Series 2017-1 Cash Reserve Account

On each Payment Date when distributions of collections are being made under Section 7.04(e) of the Trust Indenture, the Paying Agent shall deposit to the Series 2017-1 Cash Reserve Account an amount equal to the Cash Reserve Required Deposit Amount pursuant to Section 7.04(e)(iv) of the Trust Indenture.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Series 2017-1 Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Series 2017-1 Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer Trustee and the Issuer are not non-residents of Canada within the meaning of the *Income Tax Act* (Canada);

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material taxes, assessments and other governmental charges in respect of the Issuer;

(d) the Issuer has not changed its name and the Declaration of Trust has neither been amended nor rescinded other than as consented to by the holders of the Series 2017-1 Senior Notes;

(e) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(f) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects;

(g) there has been no material adverse change in the condition (financial or otherwise), business, operations, results of operations, or the property of the Issuer; and

(h) the Issuer does not own or hold, directly or indirectly, any shares or equity security of, or any equity interest in, any Person.

6.2 Representations and Warranties of the Purchasers

Each Purchaser represents and warrants to the Issuer as of the Series 2017-1 Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

6.3 Survival

The representations and warranties set out in this Article 4 shall survive the execution hereof.

ARTICLE 7
COVENANTS

7.1 Covenants of the Issuer

(a) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) as soon as possible, copies of all reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have a material and adverse effect on such party or the transactions contemplated by, or such party's ability to perform its obligations under, this Supplemental Indenture or the other Program Agreements.

(d) The Issuer will, at all time, cause the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be not less than [**49**]% of the aggregate outstanding principal amount of all Issuer Funding Obligations.

(e) The Issuer will not make any amendments to the agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(f) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

ARTICLE 8
AGENTS

8.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this

Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or telecopy message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to

provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If ● shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture.

8.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those

expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or telecopy message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall

be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 9
GENERAL

9.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below;

(iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 9.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 9.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to or concurrently with the effectiveness of any such assignment (or if impracticable, immediately thereafter), the assigning CP Conduit Purchaser shall notify the Administrative Agent and the Issuer. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement, substantially in the form of Exhibit H (the "**Transfer Supplement**"), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more financial institutions or other entities ("**Group**

Bank Participants") participations in its Commitment Amount with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Section 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Section 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Section 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may at any time sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may at any time sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), (x) to a multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Exhibit I (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental

Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Section 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Section 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Section 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Asset.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent, the Issuer or the Administrator; provided that no such pledge or grant of a security interest shall release a Non-Conduit Purchaser or an Group Bank from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

9.2 Waiver

Without limiting the requirements of Section 11.02 of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

9.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article 16 of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group

Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

●

9.4 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

9.5 Entire Agreement

This Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth in this Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements.

9.6 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

9.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section 7.06 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.15 (Limited Recourse) and Section 17.01 (No Petition).

9.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection

with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

9.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

9.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any Nonpublic Information (as defined herein) obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 9.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this Supplemental Indenture; (ix) if such disclosure

has been approved in writing in advance by the Issuer or the Manager; or (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, employees, agents and legal advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) as required by applicable law or compulsory legal process, and (C) as expressly permitted by the terms of the Program Agreements; provided, that, in the case of clause (B), the Issuer will use all reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

9.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

9.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that ● Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in

connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 9.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 9.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

9.13 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by facsimile or other electronic transmission of a manually signed counterpart.

9.14 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Trust Indenture as of the date first above written.

● **TRUST**, by ● **TRUST COMPANY OF CANADA**, as Issuer Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

● **TRUST COMPANY OF CANADA**, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

●,

By: _____
Name:
Title:

[NTD: Detailed signing pages to be prepared.]

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means the outstanding Dollar Principal Amount of all Funding Obligations of the Series 2017-1 Senior Notes have been declared or automatically become due and payable pursuant to Section 8.02 of the Trust Indenture.

"**Administrative Agent**" shall have the meaning specified in the preamble to this Supplemental Indenture.

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is defined in the Fee Letter.

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Basel II**" means the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled "International Convergence of Capital Measurements and Capital Standards: a Revised Framework," as updated from time to time, and any rules, regulations, guidance, requests, interpretations or directives from any Official Body relating thereto (whether or not having the force of law).

"**Basel III**" means the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled "A Global Regulatory Framework for More Resilient Banks and Banking Systems" developed by the Basel Committee on Banking Supervision, initially published in December 2010, as updated from time to time, and any rules, regulations, guidance, requests, interpretations or directives from any Official Body relating thereto (whether or not having the force of law).

"**Cash Reserve Required Deposit Amount**" means, on any day, the amount by which the balance on deposit in the Series 2017-1 Cash Reserve Account is less than the Series 2017-1 Cash Reserve Required Amount.

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such

period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**CEA Decrease**" is defined in Section 3.4(a).

"**Code**" is defined in Section 3.10(a).

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Series 2017-1 Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Series 2017-1 Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default shall have been declared or automatically occurred.

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 9.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during a Billing Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having short-term debt ratings of at least "A-1" from Standard & Poor's and "P-1" from Moody's.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" shall have the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Fee Letter**" means the letter dated the date hereof, from the Issuer addressed to the Administrative Agent, each Non-Conduit Purchaser and each of the CP Conduit Purchasers, the Funding Agents and the Group Banks, setting forth certain fees payable from time to time to the Purchaser Groups, as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 9.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 9.1(d).

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Issuer indemnified person**" is defined in Section 3.8

"**Manager Indemnity**" means an indemnity agreement from the Manager in favour of the Purchaser Groups, the Funding Agents and the Administrative Agent with respect to losses resulting from the failure of the Issuer to perform its obligations under the Program Agreements other than losses resulting from insufficient funds being transferred to the Issuer, in form and substance satisfactory to the Purchaser Groups, the Funding Agents and the Administrative Agent.

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Interest**" means, with respect to each Billing Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Billing Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Billing Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such GP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Billing Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Billing Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-

Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365

"**Monthly Interest, Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Monthly Interest for the related Billing Period for each Purchaser Group; plus (b) the Commitment Fee with respect to the related Billing Period for each Purchaser Group; plus (c) any amounts payable pursuant to a Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 9.8, for each Purchaser Group; plus (d) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Interest, Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(f), an amount equal to the Monthly Interest, Commitment Fees and other amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 9.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) **[10]**% of the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date. [**NTD: The percentage in (a)(x) above is intended to represent the non-deferrable amount.]**

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

["Other Taxes" means any and all current or future stamp or documentary taxes or other excise or property taxes, charges or similar levies arising from any payment made under this Supplemental Indenture, the Trust Indenture, or any other Program Agreement or from the execution, delivery or enforcement of, or otherwise with respect to, this Supplemental Indenture, the Trust Indenture or any other Program Agreement.]

"**Payment Date Waterfall Principal Amount**" means, in respect of the Series 2017-1 Notes:

(a) on any Payment Date that is a Decrease Date in respect of a CEA Decrease before the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Decrease Amount of the CEA Decrease occurring on such Payment Date;

(b) on any Payment Date that is not a Decrease Date in respect of a CEA Decrease before the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, nil; and

(c) on any Payment Date occurring on or after the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

"**Prime Rate**" means the annual rate of interest announced by ● from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ● as its "prime rate."

["Privacy Laws" shall mean, collectively (a) *An Act Respecting the Protection of Personal Information in the Private Sector* (Quebec); (b) *Personal Information Protection and Electronic Documents Act* (Canada); (c) *Personal Information Protection Act* (British Columbia); and (d) such other similar statutes of Canada or any province in force from time to time and any principles of common or civil law applicable therein, which restrict, control, regulate or otherwise govern the collection, holding, use or communication of personal information.]

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Series 2017-1 Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7(c) on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by Funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 9.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Refinancing Decrease**" is defined in Section 3.4(a).

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional

body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, ●, as such date may be extended in accordance with Section 3.5(c). [**NTD: two years out.]**

"**Series 2017-1 Cash Reserve Account**" is defined in Section 5.1.

"**Series 2017-1 Cash Reserve Required Amount**" means ●.

"**Series 2017-1 Closing Date**" is defined in Section 3.3(a).

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Principal Payment Due Date**" means ●. [**NTD: the date upon which the Series 2017-1 Senior Notes become due and payable – a date after May 1, 2021?**]

"**Series 2017-1 Principal Payment Default Date**" means ●. [**NTD: the "cure period" number of days after the Series 2017-1 Principal Payment Due Date when an Event of Default will occur if the Series 2017-1 Senior Notes are not paid in full.]**

"**Series 2017-1 Senior Note**" means any one of the Series 2017-1 Variable Funding Senior Notes, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Standard & Poor's**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Taxes**" is defined in Section 3.10(a).

"**Termination Event**" means any Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 9.1(c).

"**Transferee**" is defined in Section 9.1(g).

"**Trust Indenture**" means the trust indenture dated as of ●, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 SENIOR NOTE

●

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

PURCHASER GROUPS

From:	Ronald Kwan
To:	Ken Kandeepan
Cc:	Anna Strathy; Gadi Mayman; Mike Manning
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Friday, October 20, 2017 2:20:03 PM

Thanks Ken.

I was wondering about the accounting too. So good to cover that off.

Ron

From: Ken Kandeepan
Sent: October-20-17 14:19
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Ron

I had a chat with Gadi and subsequently with Jim and Carlos who had some thoughts on this. They will discuss with Mike when he is back on Monday and let Gadi know. In the meantime I will touch based with Cindy to see if there are any potential accounting impacts.

So perhaps we can wait until early next week.

Thanks

Ken k

From: Ronald Kwan
Sent: Friday, October 20, 2017 1:22 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Gadi,

Not sure if Mike or Ken have talked to you about your query directly or not. I don't have a view on how OPG or those entities might respond to such a request.

If you do want to raise that as a possibility, I could convey that to MOF Legal to provide that comment to OPG's Legal.

Ron

From: Gadi Mayman
Sent: October-19-17 11:19
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Thanks, Ron. Mike was of the same view. Even more reason for them not to do US$ deals if they can avoid them. I'm wondering if we should ask them, when they're negotiating their ISDA agreements, to put a clause in that would allow those swaps, if they were to be transferred to the Province under the Change of Law Assumption Agreement, to then be governed under the Province's ISDA agreement with that entity, if one is already in place, rather than us being stuck with one negotiated by OPG?

From: Ronald Kwan
Sent: Thursday, October 19, 2017 10:30 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Gadi,

Mike and Ken may have more to add, but I believe the TB submission noted the following (emphasis added):

> In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time. The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. *In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make*.

Ron

From: Gadi Mayman
Sent: October-19-17 09:28
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>

Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fwd: Fair Hydro -- Change of Law Assumption Agreement

I see in Nina's email a reference to ISDA. Are we, under the change of law assumption agreement, guaranteeing any swaps that OPG trust may enter?

Begin forwarded message:

> **From:** "Mansoori, Nina" <nmansoori@torys.com>
> **Date:** October 19, 2017 at 9:17:25 AM EDT
> **To:** "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>
> **Cc:** LEE John -TREASURY <john.s.lee@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>, "Ramchandani, Rima" <rramchandani@torys.com>, "Feldman, Michael" <mfeldman@torys.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Donaldson, Mark (TBS)" <Mark.Donaldson@ontario.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Nelms, Scott (MOF)" <Scott.Nelms@ontario.ca>, "Devine, James (OFA)" <James.Devine@ofina.on.ca>, "Yep, Carlos (OFA)" <Carlos.Yep@ofina.on.ca>, "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>, "Cengarle, John (MOF)" <John.Cengarle@ontario.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Katona, Keley (MOF)" <Keley.Katona@ontario.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>, "Hirani, Anis (OFA)" <Anis.Hirani@ofina.on.ca>, "Kim, John (OFA)" <John.Kim@ofina.on.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "'STEPHEN.ASHBOURNE@blakes.com'" <STEPHEN.ASHBOURNE@blakes.com>, "'LADAK Lubna -TREASURY'" <lubna.ladak@opg.com>, "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Mansoori, Nina" <nmansoori@torys.com>
> **Subject: RE: Fair Hydro -- Change of Law Assumption Agreement**
>
> Good Morning Malle,
>
> In terms of Program Agreements, here is an update:
>
> -we have previously circulated the MTI and MTSA to Blakes. Both of these agreements are in mid-turn but we will send you the next circulation of these agreements once available.
> -we received an initial draft supplemental for the warehouse facility on Tuesday from the dealers' counsel. We have not yet reviewed it nor have we discussed it with Oslers so we will send you the next circulation of this document.
> -I am attaching the most current versions of the Declaration of Trust and the Management Agreement (which are subject to the continuing review of the working group).
> -we'll have a form of ISDA Schedule to you soon.

-we don't expect to have a substantially advanced draft of the OM to share until November.

Please let me know if you have any questions.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: October-18-17 7:02 PM
To: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Nina,

We will be reviewing your comments and mark-up.

On a related point, do you have available yet drafts of any of the other agreements that will be required in connection with a proposed issuance by the financing entity and that we have previously discussed and requested copies of such as a draft supplemental indenture, draft disclosure documents, drafts of other agreements referenced in the master trust indenture to the extent they would be used in or related to an issuance by the Financing Entity etc. The Protection Agreement is proposed to work in the context of these other agreements and this would provide a better context for review by the Province.

If they are not yet available, when are they expected to be available?

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 18, 2017 9:53 AM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial

approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.

- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie - LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>

Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

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<Fair Hydro - Management Agreement (DRAFT).pdf>

<Fair Hydro - Declaration of Trust (DRAFT).pdf>

From: Ken Kandeepan
To: Ronald Kwan
Cc: Anna Strathy; Gadi Mayman; Mike Manning
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement
Date: Friday, October 20, 2017 2:18:54 PM

Hi Ron

I had a chat with Gadi and subsequently with Jim and Carlos who had some thoughts on this. They will discuss with Mike when he is back on Monday and let Gadi know. In the meantime I will touch based with Cindy to see if there are any potential accounting impacts.

So perhaps we can wait until early next week.

Thanks

Ken k

From: Ronald Kwan
Sent: Friday, October 20, 2017 1:22 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Gadi,

Not sure if Mike or Ken have talked to you about your query directly or not. I don't have a view on how OPG or those entities might respond to such a request.

If you do want to raise that as a possibility, I could convey that to MOF Legal to provide that comment to OPG's Legal.

Ron

From: Gadi Mayman
Sent: October-19-17 11:19
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Thanks, Ron. Mike was of the same view. Even more reason for them not to do US$ deals if they can avoid them. I'm wondering if we should ask them, when they're negotiating their ISDA agreements, to put a clause in that would allow those swaps, if

they were to be transferred to the Province under the Change of Law Assumption Agreement, to then be governed under the Province's ISDA agreement with that entity, if one is already in place, rather than us being stuck with one negotiated by OPG?

From: Ronald Kwan
Sent: Thursday, October 19, 2017 10:30 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Gadi,

Mike and Ken may have more to add, but I believe the TB submission noted the following (emphasis added):

> In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time. The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. *In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make*.

Ron

From: Gadi Mayman
Sent: October-19-17 09:28
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fwd: Fair Hydro -- Change of Law Assumption Agreement

I see in Nina's email a reference to ISDA. Are we, under the change of law assumption agreement, guaranteeing any swaps that OPG trust may enter?

Begin forwarded message:

> **From:** "Mansoori, Nina" <nmansoori@torys.com>
> **Date:** October 19, 2017 at 9:17:25 AM EDT
> **To:** "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>
> **Cc:** LEE John -TREASURY <john.s.lee@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>,

"Ramchandani, Rima" <rramchandani@torys.com>, "Feldman, Michael" <mfeldman@torys.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Donaldson, Mark (TBS)" <Mark.Donaldson@ontario.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Nelms, Scott (MOF)" <Scott.Nelms@ontario.ca>, "Devine, James (OFA)" <James.Devine@ofina.on.ca>, "Yep, Carlos (OFA)" <Carlos.Yep@ofina.on.ca>, "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>, "Cengarle, John (MOF)" <John.Cengarle@ontario.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Katona, Keley (MOF)" <Keley.Katona@ontario.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>, "Hirani, Anis (OFA)" <Anis.Hirani@ofina.on.ca>, "Kim, John (OFA)" <John.Kim@ofina.on.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "'STEPHEN.ASHBOURNE@blakes.com'" <STEPHEN.ASHBOURNE@blakes.com>, "'LADAK Lubna -TREASURY'" <lubna.ladak@opg.com>, "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Mansoori, Nina" <nmansoori@torys.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good Morning Malle,

In terms of Program Agreements, here is an update:

-we have previously circulated the MTI and MTSA to Blakes. Both of these agreements are in mid-turn but we will send you the next circulation of these agreements once available.
-we received an initial draft supplemental for the warehouse facility on Tuesday from the dealers' counsel. We have not yet reviewed it nor have we discussed it with Oslers so we will send you the next circulation of this document.
-I am attaching the most current versions of the Declaration of Trust and the Management Agreement (which are subject to the continuing review of the working group).
-we'll have a form of ISDA Schedule to you soon.
-we don't expect to have a substantially advanced draft of the OM to share until November.

Please let me know if you have any questions.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: October-18-17 7:02 PM
To: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>

Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Nina,

We will be reviewing your comments and mark-up.

On a related point, do you have available yet drafts of any of the other agreements that will be required in connection with a proposed issuance by the financing entity and that we have previously discussed and requested copies of such as a draft supplemental indenture, draft disclosure documents, drafts of other agreements referenced in the master trust indenture to the extent they would be used in or related to an issuance by the Financing Entity etc. The Protection Agreement is proposed to work in the context of these other agreements and this would provide a better context for review by the Province. If they are not yet available, when are they expected to be available?

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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permanently delete the message and all attachments. Thank you.

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 18, 2017 9:53 AM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF)

<John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers'

views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

? The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be

deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.

- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie - LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com'

<STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

<image001.jpg>[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>;

Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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<Fair Hydro - Management Agreement (DRAFT).pdf>

<Fair Hydro - Declaration of Trust (DRAFT).pdf>

From:	Ronald Kwan
To:	Gadi Mayman; Mike Manning; Ken Kandeepan
Cc:	Anna Strathy
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Friday, October 20, 2017 1:22:05 PM

Hi Gadi,

Not sure if Mike or Ken have talked to you about your query directly or not. I don't have a view on how OPG or those entities might respond to such a request.

If you do want to raise that as a possibility, I could convey that to MOF Legal to provide that comment to OPG's Legal.

Ron

From: Gadi Mayman
Sent: October-19-17 11:19
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Thanks, Ron. Mike was of the same view. Even more reason for them not to do US$ deals if they can avoid them. I'm wondering if we should ask them, when they're negotiating their ISDA agreements, to put a clause in that would allow those swaps, if they were to be transferred to the Province under the Change of Law Assumption Agreement, to then be governed under the Province's ISDA agreement with that entity, if one is already in place, rather than us being stuck with one negotiated by OPG?

From: Ronald Kwan
Sent: Thursday, October 19, 2017 10:30 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Gadi,

Mike and Ken may have more to add, but I believe the TB submission noted the following (emphasis added):

> In the event the protection agreement is triggered, the Province's net debt would be

expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time. The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. *In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make*.

Ron

From: Gadi Mayman
Sent: October-19-17 09:28
To: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fwd: Fair Hydro -- Change of Law Assumption Agreement

I see in Nina's email a reference to ISDA. Are we, under the change of law assumption agreement, guaranteeing any swaps that OPG trust may enter?

Begin forwarded message:

From: "Mansoori, Nina" <nmansoori@torys.com>
Date: October 19, 2017 at 9:17:25 AM EDT
To: "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>, "Ramchandani, Rima" <rramchandani@torys.com>, "Feldman, Michael" <mfeldman@torys.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Donaldson, Mark (TBS)" <Mark.Donaldson@ontario.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Nelms, Scott (MOF)" <Scott.Nelms@ontario.ca>, "Devine, James (OFA)" <James.Devine@ofina.on.ca>, "Yep, Carlos (OFA)" <Carlos.Yep@ofina.on.ca>, "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>, "Cengarle, John (MOF)" <John.Cengarle@ontario.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Katona, Keley (MOF)" <Keley.Katona@ontario.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>, "Hirani, Anis (OFA)" <Anis.Hirani@ofina.on.ca>, "Kim, John (OFA)" <John.Kim@ofina.on.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "'STEPHEN.ASHBOURNE@blakes.com'" <STEPHEN.ASHBOURNE@blakes.com>, "'LADAK Lubna -TREASURY'" <lubna.ladak@opg.com>, "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Mansoori, Nina" <nmansoori@torys.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good Morning Malle,

In terms of Program Agreements, here is an update:

-we have previously circulated the MTI and MTSA to Blakes. Both of these agreements are in mid-turn but we will send you the next circulation of these agreements once available.
-we received an initial draft supplemental for the warehouse facility on Tuesday from the dealers' counsel. We have not yet reviewed it nor have we discussed it with Oslers so we will send you the next circulation of this document.
-I am attaching the most current versions of the Declaration of Trust and the Management Agreement (which are subject to the continuing review of the working group).
-we'll have a form of ISDA Schedule to you soon.
-we don't expect to have a substantially advanced draft of the OM to share until November.

Please let me know if you have any questions.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: October-18-17 7:02 PM
To: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Nina,

We will be reviewing your comments and mark-up.

On a related point, do you have available yet drafts of any of the other agreements that will be required in connection with a proposed issuance by the financing entity and that we have previously discussed and requested copies of such as a draft supplemental indenture, draft disclosure documents, drafts of other agreements referenced in the master trust indenture to the extent they would be used in or related to an issuance by the Financing Entity etc. The Protection Agreement is proposed to work in the context of these other agreements and this would provide a better context for review by the Province. If they are not yet available, when are they expected to be available?

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 18, 2017 9:53 AM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered

under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include

also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information

noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised

draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie - LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM

To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

<image001.jpg>[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the

Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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<Fair Hydro - Management Agreement (DRAFT).pdf>

<Fair Hydro - Declaration of Trust (DRAFT).pdf>

From:	Mansoori, Nina
To:	Tobias P. Whitfield (MOF)
Cc:	"LEE John -TREASURY"; "RYFA Ken -TREASURY"; "WONG Leslie -LAWDIV"; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; "Cengarle, John (MOF)"; Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; "Veinot, Cindy (TBS)"; Malle Hanslep (MOF); "Thouin, Alena (ENERGY)"; Tom McKinlay (MAG); "STEPHEN.ASHBOURNE@blakes.com"; "LADAK Lubna -TREASURY"; Emes, Aaron; Mansoori, Nina
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Friday, October 20, 2017 10:22:56 AM
Attachments:	Change of Law Procedures Agreement - Fair Hydro.DOCX

Toby,

In the interest of time, we have drafted a procedures agreement incorporating the approval mechanics we circulated below. As noted in previous correspondence, we think the approval process should be the subject of a separate agreement and not included in the Change of Law Protection Agreement you are drafting. Please note that the attached remains subject to the continuing review of OPG and Torys.

Can you please also let us know when we can expect to see a draft of the Change of Law Protection Agreement?

Many thanks,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: October-18-17 9:53 AM
To: 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on

the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
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TORYS LLP[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of

Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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CHANGE OF LAW PROCEDURES AGREEMENT

THIS AGREEMENT made as of the ■ day of ■, 2017.

B E T W E E N:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE ACTING TOGETHER

– and –

ONTARIO POWER GENERATION INC.

RECITALS:

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017*, S.O. 2017, c. 16, Schedule 1 (the "**Act**") for the purpose of, among other things, ensuring that Clean Energy Costs and Clean Energy Benefits are fairly allocated among present and future Specified Consumers;

AND WHEREAS under the Act, the IESO is required to establish and maintain the Fair Hydro Variance Account, and has the right under the Act and the regulations thereunder to record certain amounts in such account and recover the balance from time to time of the Fair Hydro Variance Account from Specified Consumers (such right, the "**Regulatory Asset**");

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer a specified portion of the Regulatory Asset to the Issuer on a fully-serviced basis and such Transfer shall result in (i) a reduction in the balance in the Fair Hydro Variance Account, (ii) the corresponding adjustment of the Regulatory Asset, and (iii) the acquisition by the Issuer of an Investment Interest corresponding to the specified portion of the Regulatory Asset;

AND WHEREAS the Issuer may finance the acquisition from the IESO, from time to time, of an Investment Interest through the incurrence of Funding Obligations under the Indenture;

AND WHEREAS the Province has agreed in favour of the Indenture Trustee in the Change of Law Protection Agreement to make regularly scheduled payments on certain of the Funding Obligations and related obligations of the Issuer (the "**Specified Claims**") in certain circumstances;

AND WHEREAS the parties hereto wish to set out the procedures by which the Province provides its approval to the Manager to certify that an incurrence of Specified Claims by the Issuer from time to time is covered under the Change of Law Protection Agreement;

NOW THEREFORE in consideration of one dollar ($1.00) and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties covenant and agree, each with the other, as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) In this Agreement, except where the context otherwise requires, the following terms will have the following meanings:

"**Act**" has the meaning given to that term in the recitals.

"**Agreement**" means this Change of Law Procedures Agreement.

"**Business Day**" means every day except a Saturday or Sunday, or a day which is a statutory or civic holiday in the Province of Ontario.

"**Certification**" means the certification by the Manager described in Section ■[1] of the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the change of law protection agreement dated ■, 2017 between the Province, as obligor, the Indenture Trustee, and the Issuer.

"**Disclosure Document**" means the form of disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of any Funding Obligations.

"**Forecast**" has the meaning attributed to such term in Section 2.2(a).

"**IESO**" means the Independent Electricity System Operator.

"**Indenture**" has the meaning attributed to such term in Section 2.3(a)(iv).

"**Indenture Trustee**" means ■, a trust company existing under the laws of Canada and duly authorized to carry on the business of a trust company in all of the provinces and territories of Canada, as indenture trustee for the benefit of certain specified creditors, or any successor thereto, under the Indenture.

"**Issuer**" means ■, a trust formed under the laws of the Province of Ontario.

"**Manager**" means Ontario Power Generation Inc., in its capacity as manager appointed under the management agreement referenced in Section 2.3(a)(ii) to administer the Investment Interests and perform such other duties assigned to it thereunder.

"**Person**" means any natural person, partnership, limited partnership, limited liability partnership, joint venture, syndicate, sole proprietorship, company or corporation (with or without share capital), limited liability corporation, unlimited liability company, joint stock company, unincorporated association, trust, trustee, executor, administrator or other legal

[1] This will be the section of the Change of Law Protection Agreement which sets out that a Specified Claim will be covered under the Change of Law Protection Agreement if the Manager delivers a certificate, signed by at least two executive officers of the Manager and addressed to one or more third parties (including, without limitation, the Indenture Trustee), confirming that such Specified Claim is covered by the Change of Law Protection Agreement.

personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted and pronouns have a similarly extended meaning.

"**Program Maximum**" means the maximum Canadian dollar amount determined and confirmed in writing in accordance with Section 2.2.

"**Protection Event**" has the meaning attributed to such term in the Change of Law Protection Agreement.

"**Regulatory Asset**" has the meaning attributed to such term in the recitals.

"**Reviewed Documentation**" has the meaning attributed to such term in Section 2.3.

"**Specified Claims**" has the meaning attributed to such term in the recitals.

"**Substantially in the Form**" means:

(i) with respect to the Reviewed Documentation referred to in 2.3(a)(i) to 2.3(a)(xiv), that the covenants of the Issuer are no more onerous in any material respect and there are events of default that are consistent in all material respects, respectively, with the covenants of the Issuer and events of default contained in the Reviewed Documentation; and

(ii) with respect to the Disclosure Document referred to in 2.3(a)(xv), that there are no material differences between the form and substance of the proposed disclosure document and such disclosure document complies in all material respects with all securities disclosure requirements relating to the Funding Obligations subject to distribution thereunder.

(b) Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings ascribed thereto in the Act and the regulations made thereunder or incidental thereto.

1.2 Headings and Table of Contents

The inclusion of headings and a table of contents in this Agreement are for convenience of reference only and will not affect the construction or interpretation hereof.

1.3 Interpretation

In this Agreement, unless the context otherwise requires:

1.3.1 words importing the singular shall include the plural and vice versa, words importing gender shall include all genders or the neuter, and words importing the neuter shall include all genders;

1.3.2 the words "include", "includes", "including", or any variations thereof, when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather

as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

1.3.3 references to any Person include such Person's successors and permitted assigns;

1.3.4 except as otherwise provided in this Agreement, any reference in this Agreement to a statute, regulation, policy, rule or instrument shall include, and shall be deemed to be a reference also to, all rules and regulations made under such statute, in the case of a statute, all amendments made to such statute, regulation, policy, rule or instrument, and any statute, regulation, policy, rule or instrument that may be passed which has the effect of supplementing or superseding the statute, regulation, policy, rule or instrument so referred to;

1.3.5 any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

1.3.6 in the event that any day on which any amount is to be determined or any action is required to be taken hereunder is not a Business Day, then such amount shall be determined or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day.

1.4 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.5 Entire Agreement

This Agreement constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement.

1.6 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.7 Governing Law

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

ARTICLE 2
APPROVAL PROCESS

2.1 Approval Process

The Manager is authorized to make a Certification in respect of a specific incurrence of Funding Obligations and other Specified Claims upon the following conditions precedent having been satisfied:

(a) at the time such Funding Obligations are to be incurred, the maximum aggregate payment amounts due or becoming due under such Funding Obligations, together with all other outstanding or committed Specified Claims previously subject to a Certification, do not exceed the Program Maximum in effect at that time; and

(b) The Manager delivers a certificate, signed by at least two of its executive officers and addressed to the Province, not less than **[■]** Business Days prior to the incurrence of such Funding Obligations:

(i) setting out the material terms of such Funding Obligations pertaining to principal amount, pricing and third party fees; and

(ii) confirming that:

(A) the Funding Obligations (1) will arise under terms and conditions that are "Substantially in the Form" of the Reviewed Documentation applicable thereto; (2) in the opinion of such officers, are reasonably incurred in compliance with the Act and the regulations made thereunder, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and

(B) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation.

2.2 Program Maximum

(a) The initial Program Maximum will be determined prior to the initial issuance of Funding Obligations under the Indenture in accordance with this Section 2.2. The Program Maximum will be based on the Manager's forecast of the maximum payment obligations expected to arise under Specified Claims during the next 24 month period, based on and in accordance with the applicable Financing Plan (the "**Forecast**"). The Manager will be required to deliver the Forecast to the Province

not less than **[thirty (30)]** Business Days prior to the proposed incurrence of the initial Funding Obligations under the Indenture. If the Province agrees that the Forecast is consistent with the Financing Plan and the Finance Amounts contemplated thereunder for the applicable Reference Periods are reasonably expected to align with the Fair Allocation Amounts in respect of such Reference Periods, then the Province will confirm in writing to the Manager within **[thirty (30)]** Business Days of receipt of the Forecast that it agrees with the Program Maximum.

(b) The Forecast will be updated and delivered to the Province between nine (9) and twelve (12) months prior to the expiry of the then current Forecast, based on and in accordance with the applicable Financing Plan. Upon receiving an updated Forecast, the Province will confirm that the Forecast is consistent with the Financing Plan and the Finance Amounts contemplated thereunder for the applicable Reference Periods are reasonably expected to align with the Fair Allocation Amounts in respect of such Reference Periods.

(c) If the Province does not agree with the determination of the Program Maximum, then the Province and the Manager will discuss and address any inaccuracies in the Financing Plan to the satisfaction of both parties, and the Program Maximum will be revised within **[thirty (30)]** Business Days of receipt of the Forecast. Any determination to revise the Program Maximum will be confirmed by setting out a new Program Maximum in a written notice from the Province to the Manager, the delivery of which will be conclusive evidence that such new Program Maximum will apply until further so revised.

2.3 Reviewed Documentation

(a) The Manager will ensure that not less than **[■]** Business Days prior to the initial issuance of any Funding Obligations under the Indenture, the Province will have received copies, in substantially final form, of the following documents:

(i) the declaration of trust made as of ■, 2017 under which the Issuer was established;

(ii) the management agreement dated ■, 2017 between the Manager and the Issuer;

(iii) the master transfer and servicing agreement dated ■, 2017 between the Issuer, the IESO and the Indenture Trustee;

(iv) the master trust indenture dated ■, 2017 between the Issuer and the Indenture Trustee (the "**Indenture**");

(v) the Senior Series 2017-1 Supplemental Indenture to the Indenture dated ■, 2017, along with the Senior Series 2017-1 Notes;

(vi) the Subordinated Series 2017-1 Supplemental Indenture to the Indenture dated ■, 2017, along with the Subordinated Series 2017-1 Notes;

(vii) the Senior Series 2017-2 Supplemental Indenture to the Indenture dated ■, 2017, along with the Senior Series 2017-2 Notes;

(viii) the Subordinated Series 2017-2 Supplemental Indenture to the Indenture dated ■, 2017, along with the Subordinated Series 2017-2 Notes;

(ix) the Agency Agreement dated ■, 2017 between ■;

(x) the Subscription Agreement dated ■, 2017 between ■;

(xi) the schedule to an ISDA Master Agreement dated ■, 2017 governing derivative transactions that may be entered into by the Issuer from time to time;

(xii) if applicable, any other agreement or instrument under which a Funding Obligation may arise or be affected;

(xiii) if applicable, any other agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act;

(xiv) the security agreement dated ■, 2017 granted by the IESO to the Issuer; and

(xv) the Preliminary and Final Offering Memorandums of the Issuer together with any related material information.

(b) The Province will confirm within **[■]** Business Days of receipt of the documents referenced in Section 2.3(a) if such reviewed documents shall be the "Reviewed Documentation" for the purposes of this Agreement; provided that the Province agrees that it will not be entitled to provide input on the Reviewed Documentation other than in its capacity as obligor under the Change of Law Protection Agreement.

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

2.4 Termination

This Agreement will continue in full force and effect so long as any Specified Claims remain outstanding and until the Issuer has satisfied all of its obligations under the Reviewed Documentation.

ARTICLE 3
COVENANTS OF MANAGER

3.1 Reporting

Promptly after the issuance of any Funding Obligations by the Issuer (or an amendment or replacement thereof) from time to time, the Manager will provide the Province with:

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

(b) electronic copies of all related closing documents executed by or on behalf of the Issuer in connection with such incurrence, amendment or replacement of such Funding Obligations that would affect the Issuer's assets or obligations (including, for greater certainty, any Disclosure Documents); and

(c) all additional information and documentation as the Province requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

3.2 Other Covenants

(a) The Manager will comply and ensure compliance by the Issuer with the Act and the regulations made thereunder and any other enactment related thereto;

(b) After the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), the Manager will not, without the Province's prior written consent, permit any Issuer to exercise any redemption, pre-payment, early termination right in respect of any Specified Claim or exercise any other election or privilege in respect of any Specified Claim, in each case, if as a result the obligations applicable to the Specified Claim under the Change of Law Protection Agreement would be accelerated; and

(c) The Manager will ensure that any disclosure (including in any Disclosure Document) that refers to or describes the terms, effect or adherence of the Change of Law Protection Agreement and this Agreement will be subject to the prior review and approval of the Province unless that disclosure is substantially in a form previously approved by the Province.

3.3 Validity

For greater certainty, a failure by the Manager to perform the covenants in this Article 3 will not affect the validity of a Certification made under the Change of Law Protection Agreement in accordance with requirements of Section 2.1 of this Agreement.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Province

The Province hereby represents and warrants to the Manager that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any applicable law, and do not and will not constitute (with due notice or lapse of time or both) a breach of or default under any agreement to which the Province is a party or by which it is bound;

(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations thereunder;

(d) no consent, approval or authorization from any Person that has not otherwise been obtained is required to be attained by the Province in order to consummate the transactions contemplated herein; and

(e) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is or, if applicable, will then be a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms, subject to:

(i) limitations with respect to the enforcement of remedies by bankruptcy, insolvency, reorganization, moratorium, winding-up, arrangement, fraudulent preference and conveyance and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(ii) general equitable principles and the fact that the availability of equitable remedies such as specific performance and injunction are not available against the Province and that a court may stay proceedings or the execution of judgments; and

(iii) statutory limitations of general application respecting the enforceability of claims against the Province or its property.

4.2 The Manager

The Manager hereby represents and warrants to the Province that:

(a) the Manager has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Manager of this Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any applicable law, and do not and will not constitute (with due notice

or lapse of time or both) a breach of or default under any agreement to which the Manager is a party or by which it is bound;

(c) all necessary action has been taken by the Manager to authorize the execution and delivery of this Agreement by the Manager and the performance by the Manager of its obligations thereunder;

(d) no consent, approval or authorization from any Person that has not otherwise been obtained is required to be attained by the Province in order to consummate the transactions contemplated herein; and

(e) this Agreement has been duly authorized, executed and delivered on behalf of the Manager and is or, if applicable, will then be a legal, valid and binding obligation of the Manager, enforceable against it in accordance with its terms, subject to:

(i) limitations with respect to the enforcement of remedies by bankruptcy, insolvency, reorganization, moratorium, winding-up, arrangement, fraudulent preference and conveyance and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law); and

(ii) general equitable principles.

ARTICLE 5
GENERAL PROVISIONS

5.1 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 5.1 shall be null and void.

5.2 Enurement

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

5.3 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the

time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this section. Notices and other communications will be addressed as follows:

(a) if to the Province:

Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7

Attention: Minister of Finance
Facsimile: (416) 325-0374

and

Ministry of Energy
5th Floor
56 Wellesley Street West
Toronto, Ontario M7A 2E7

Attention: Legal Director
Facsimile: (416) 325-1781

(b) if to the Manager:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: ■
Facsimile: ■

or to such other addresses as a party may from time to time notify the others in accordance with this Section 5.3.

5.4 Further Assurances

Each of the parties hereto will promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and will use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

5.5 Counterparts; Electronic Delivery

This Agreement may be signed in counterparts and each of such counterparts will constitute an original document and such counterparts, taken together, will constitute one and the same instrument. Delivery of an executed signature page to this Agreement by either party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

ONTARIO POWER GENERATION INC., in its capacity as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

HER MAJESTY THE QUEEN AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

HER MAJESTY THE QUEEN AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

From:	Anna Strathy
To:	Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); "stephen.ashbourne@blakes.com"; Hresa Gavaris; John Psinas
Subject:	RE: Fair Hydro -- Change of Law Assumption Agreement
Date:	Wednesday, October 25, 2017 3:00:05 PM

I'll set up a meeting to discuss. Invite to follow.

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, October 24, 2017 1:00 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; 'stephen.ashbourne@blakes.com' <stephen.ashbourne@blakes.com>; Hresa Gavaris <Hresa.Gavaris@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Further to OPG's response to our proposals, please find attached a discussion document drafted by our outside legal counsel Stephen Ashbourne and based on discussions amongst our Provincial legal teams.

This document sets out a number of questions that we need to consider and answer in order to respond to OPG with the Province's position.

A meeting amongst this group would be useful to discuss these issues and to inform a response to OPG.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 18, 2017 9:53 AM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA);

Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will

have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the

conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com

TORYS LLP

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;

(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

This email and any attachments are for the sole use of the intended recipients and may be privileged or

confidential. Any distribution, printing or other use by anyone else is prohibited. If you are not an intended recipient, please contact the sender immediately, and permanently delete this email and attachments.

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From:	Ken Kandeepan
To:	Ronald Kwan
Cc:	Anna Strathy
Subject:	RE: Follow-up call | OFA, MOF Legal, Stephen Ashbourne
Date:	Thursday, September 14, 2017 4:41:53 PM

Ron

This is perfect I have no comments or edits.

Thanks

Ken k

From: Ronald Kwan
Sent: Thursday, September 14, 2017 4:40 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Follow-up call | OFA, MOF Legal, Stephen Ashbourne

Hi Ken,

A draft email below.

Ron

Hi Malle, Stephen, Toby,

We managed to have a conversation after the scheduled call-in time on the issue raised by OPG/Torys on the "final and non-appealable" wording in the draft term sheet that they struck out.

From a market perspective, we can appreciate OPG's concern on the potential impact. And we appreciate the legal concern on having a trigger that might be arising from a lower court ruling that may not be very well-founded and that the government may want to appeal.

As such, is there some kind of compromise wording that could be put into the term sheet for today, and that would signal that more comprehensive wording would be included in the final agreement that would allow for (and I use the following terms loosely, as I'm sure the lawyers could put in better ones) a ''cure period'', for example, that could allow for the Province to apply for a court to suspend the impact of the earlier decision? Under that kind of model, the Province would potentially step in and make payments, before a final and non-appealable decision (which could be years away, with a risk premium attached), if the process were to go that long in a more serious court challenge and ruling – could that type of wording be worked

out in a final legal agreement?

Ron

-----Original Appointment-----
From: Anna Strathy
Sent: September-14-17 14:06
To: Gadi Mayman; Ronald Kwan; Ken Kandeepan; John Kim; Mike Manning; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); 'STEPHEN.ASHBOURNE@blakes.com'
Subject: Follow-up call | OFA, MOF Legal, Stephen Ashbourne
When: September-14-17 15:00-15:30 (UTC-05:00) Eastern Time (US & Canada).
Where: Conference Call: 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

To discuss inclusion/exclusion of “final and non-appealable” in Provincial Protection term sheet

Toll-free dial-in number: 1-866-602-5461

Local dial-in number: 416-212-8011

Conference ID: 4717656

OFA to moderate

From: Ronald Kwan
To: Ken Kandeepan
Cc: Anna Strathy
Subject: RE: Follow-up call | OFA, MOF Legal, Stephen Ashbourne
Date: Thursday, September 14, 2017 4:39:58 PM

Hi Ken,

A draft email below.

Ron

Hi Malle, Stephen, Toby,

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From a market perspective, we can appreciate OPG's concern on the potential impact. And we appreciate the legal concern on having a trigger that might be arising from a lower court ruling that may not be very well-founded and that the government may want to appeal.

As such, is there some kind of compromise wording that could be put into the term sheet for today, and that would signal that more comprehensive wording would be included in the final agreement that would allow for (and I use the following terms loosely, as I'm sure the lawyers could put in better ones) a ''cure period'', for example, that could allow for the Province to apply for a court to suspend the impact of the earlier decision? Under that kind of model, the Province would potentially step in and make payments, before a final and non-appealable decision (which could be years away, with a risk premium attached), if the process were to go that long in a more serious court challenge and ruling – could that type of wording be worked out in a final legal agreement?

Ron

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Sent: September-14-17 14:06
To: Gadi Mayman; Ronald Kwan; Ken Kandeepan; John Kim; Mike Manning; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); 'STEPHEN.ASHBOURNE@blakes.com'
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To discuss inclusion/exclusion of "final and non-appealable" in Provincial Protection term

sheet

Toll-free dial-in number: 1-866-602-5461

Local dial-in number: 416-212-8011

Conference ID: 4717656

OFA to moderate

From:	Whitfield, Tobias P. (MOF)
To:	Anna Strathy; Gadi Mayman; Ronald Kwan; Ken Kandeepan; John Kim; Mike Manning; Malle Hanslep (MOF); "STEPHEN.ASHBOURNE@blakes.com"
Subject:	RE: Follow-up call | OFA, MOF Legal, Stephen Ashbourne
Date:	Thursday, September 14, 2017 2:19:54 PM
Attachments:	23148306-vpdf-Term Sheet - Provincial Support Agreement - May 12.pdf

Please see the version that we are sending to Tory's reflecting our discussion.

The "final and non-appealable" language is included in square brackets in that version, to be considered and negotiated depending on market issues.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Appointment-----
From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: September 14, 2017 2:06 PM
To: Anna Strathy; Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Kim, John (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); 'STEPHEN.ASHBOURNE@blakes.com'
Subject: Follow-up call | OFA, MOF Legal, Stephen Ashbourne
When: September 14, 2017 3:00 PM-3:30 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Conference Call: 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

To discuss inclusion/exclusion of "final and non-appealable" in Provincial Protection term sheet

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to moderate

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Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding ~~on the parties~~.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the ~~General~~ Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are

	appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*)~~,~~; (5) there is a change in the organization or structure of the IESO or Ontario's market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][1] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity~~ and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the~~

[1] Under consideration to assess the marketability implications of this phrase.

	~~Obligor's prior written consent~~.
Optional ~~Replacement~~Assumption:	At any time following the ~~exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable~~occurrence of a Protection Event, the Obligor shall be entitled (but not obligated) to ~~replace~~assume the Financing Entity's obligations in respect of Specified Claims as obligor and debtor~~ and directly assume all of the Financing Entity's outstanding obligations and liabilities~~. The Financing Entity (including through the Financial Services Manager) will ensure that ~~any obligation and liabilities undertaken or assumed by it will by their terms~~Specified Claims permit such ~~a replacement and assumption (or, if applicable,~~an assumption by the Obligor without any penalty or make-whole payment (or, in the case of any contract for the provision of on-going services to the Financing Entity, the satisfaction and termination~~) by the Obligor without additional cost or penalty and without~~ of the Specified Claims without any acceleration of future fees, profits or other like amounts), or any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will ~~become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Protection Agreement applies to such Specified Claim.~~ ~~The Change of Law Protection Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Protection Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims.~~ ~~The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.~~ be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.

FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

Document comparison by Workshare Compare on Thursday, September 14, 2017 1:14:40 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23148306/15
Description	TOR_2528-#23148306-v15-Term_Sheet_-_Provincial_Support_Agreement_-_May_12
Document 2 ID	PowerDocs://TOR_2528/23148306/16
Description	TOR_2528-#23148306-v16-Term_Sheet_-_Provincial_Support_Agreement_-_May_12
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	19
Deletions	18
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	37

From:	Ronald Kwan
To:	Malle Hanslep (MOF); "STEPHEN.ASHBOURNE@blakes.com"; Tobias P. Whitfield (MOF)
Cc:	Gadi Mayman; Anna Strathy; Mike Manning; Ken Kandeepan; John Kim
Subject:	RE: Follow-up call | OFA, MOF Legal, Stephen Ashbourne
Date:	Thursday, September 14, 2017 4:48:53 PM

Hi Malle, Stephen, Toby,

We managed to have a conversation with Gadi after the scheduled call-in time on the issue raised by OPG/Torys on the "final and non-appealable" wording in the draft term sheet that they struck out.

From a market perspective, we can appreciate OPG's concern on the potential impact. And we appreciate the legal concern on having a trigger that might be arising from a lower court ruling that may not be very well-founded and that the government may want to appeal.

As such, is there some kind of compromise wording that could be put into the term sheet for today, and that would signal that more comprehensive wording would be included in the final agreement that would allow for (and I use the following terms loosely, as I'm sure the lawyers could put in better ones) a ''cure period'', for example, that could allow time for the Province to apply for a court to suspend the impact of the earlier decision without having the protection agreement triggered? Under that kind of clause, we could reduce the likelihood of the framework being collapsed in the case of a less solid court decision, but the Province would potentially step in and make payments, before a final and non-appealable decision (which could be years away, with a risk premium attached), if the process were to go that long in a more serious court challenge and ruling. Could that type of wording be worked out in a final legal agreement?

Ron

-----Original Appointment-----
From: Anna Strathy
Sent: September-14-17 14:06
To: Gadi Mayman; Ronald Kwan; Ken Kandeepan; John Kim; Mike Manning; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); 'STEPHEN.ASHBOURNE@blakes.com'
Subject: Follow-up call | OFA, MOF Legal, Stephen Ashbourne
When: September-14-17 15:00-15:30 (UTC-05:00) Eastern Time (US & Canada).
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To discuss inclusion/exclusion of "final and non-appealable" in Provincial Protection term sheet

Toll-free dial-in number: 1-866-602-5461

Local dial-in number: 416-212-8011

Conference ID: 4717656

OFA to moderate

From: Anna Strathy
To: Gadi Mayman
Cc: Ken Kandeepan; Mike Manning; Ronald Kwan
Subject: RE: For Discussion with Malle
Date: Thursday, November 09, 2017 1:24:29 PM

Hi Gadi,

Thank you. I've updated the list to include the items you've flagged below so that we have everything in one place:

Process Agreement

- 2.01 Deliveries to the Province
  - No concerns with removing PILS/tax language
- 2.02 Covenants
  - First use of *commercially reasonable efforts* and then throughout
  - Need legal opinion on whether to change to *best efforts*
- 2.02 (b) (iv) Province to review any description of the protection agreement
  - No concerns with this deletion
  - OPG likely to use boilerplate description of the guarantee
- 2.02 (c) Indemnity
  - No concerns, likely a requirement for OPG Board
- 4.01 Protection Agreement Maximum
  - CRITICAL – we can be flexible on the wording but we can't agree to removing Provincial approval of a maximum
  - Subject to OPCD review/input
- 5.02 Reps and Warranties of the Province
  - No concerns

Protection Agreement

- Need to review the Indemnity Agreement
- 1.17 References to the Financing Entity
  - No concerns with removing Trustee
- 2.09c Modifications of Approved Obligations
  - Why not seek consent of the Province when changing its obligations?
- Article V
  - Edit title to ***Provincial*** *Matters*
- 5.01 Assignment and Subrogation
  - Why remove the subrogation after the Province has taken on the obligations?
- 7.04 Release of All Collateral
  - What is meant by collateral? Would it include sinking funds? If it does, the Province should get the sinking funds, not leave them with OPG
- 9.07 Force Majeure
  - Why remove the Force Majeure clause?

From: Gadi Mayman
Sent: Thursday, November 09, 2017 12:50 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: For Discussion with Malle

That lines up with my recollection. In the process agreement on 4.01, the only point that I'll raise in addition to what you've written is that OPCD may have a view. On the Protection Agreement, I also had a note on 2.09c where I was wondering why they wouldn't want the consent of the Province if changing your obligations. On 5.01, we were wondering why OPG want to remove the subrogation after we've taken on the obligations, and why they would care at that point. For 7.04, we were wondering what is meant by collateral in this agreement, and whether it would include sinking funds, because if it does, we should get the sinking funds, not leave them with OPG. One other point I had was on 9.07 and a question of why they'd want the Force Majeure clause removed.

Thanks for putting this together.

Gadi

From: Anna Strathy
Sent: Thursday, November 09, 2017 12:27 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: For Discussion with Malle

Hi Gadi,

As discussed, here are the areas that you may want to raise with Malle this afternoon before we arrange a meeting with the larger group:

<u>Process Agreement</u>

- 2.01 Deliveries to the Province
  - No concerns with removing PILS/tax language
- 2.02 Covenants
  - First use of *commercially reasonable efforts* and then throughout
  - Need legal opinion on whether to change to *best efforts*
- 2.02 (b) (iv) Province to review any description of the protection agreement
  - No concerns with this deletion
  - OPG likely to use boilerplate description of the guarantee

- 2.02 (c) Indemnity
    - No concerns, likely a requirement for OPG Board
- 4.01 Protection Agreement Maximum
    - CRITICAL – we can be flexible on the wording but we can't agree to removing Provincial approval of a maximum
- 5.02 Reps and Warranties of the Province
    - No concerns

Protection Agreement

- Need to review the Indemnity Agreement
- 1.17 References to the Financing Entity
    - No concerns with removing Trustee
- Article V
    - Edit title to ***Provincial*** *Matters*
- 5.01 Assignment and Subrogation
- 7.04 Release of All Collateral

I've highlighted the last two because I'm not sure I understand what our concerns were on these two areas of the Agreement.

Hopefully these line up with your own notes, but I would recommend just scanning to make sure I haven't missed anything.

Thanks, Anna

From: Gadi Mayman
To: Anna Strathy
Cc: Ken Kandeepan; Mike Manning; Ronald Kwan
Subject: RE: For Discussion with Malle
Date: Thursday, November 09, 2017 12:50:25 PM

That lines up with my recollection. In the process agreement on 4.01, the only point that I'll raise in addition to what you've written is that OPCD may have a view. On the Protection Agreement, I also had a note on 2.09c where I was wondering why they wouldn't want the consent of the Province if changing your obligations. On 5.01, we were wondering why OPG want to remove the subrogation after we've taken on the obligations, and why they would care at that point. For 7.04, we were wondering what is meant by collateral in this agreement, and whether it would include sinking funds, because if it does, we should get the sinking funds, not leave them with OPG. One other point I had was on 9.07 and a question of why they'd want the Force Majeure clause removed.

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To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
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  - First use of *commercially reasonable efforts* and then throughout
  - Need legal opinion on whether to change to *best efforts*
- 2.02 (b) (iv) Province to review any description of the protection agreement
  - No concerns with this deletion
  - OPG likely to use boilerplate description of the guarantee
- 2.02 (c) Indemnity
  - No concerns, likely a requirement for OPG Board

- 4.01 Protection Agreement Maximum
    - CRITICAL – we can be flexible on the wording but we can't agree to removing Provincial approval of a maximum
- 5.02 Reps and Warranties of the Province
    - No concerns

<u>Protection Agreement</u>

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    - Edit title to ***Provincial*** *Matters*
- 5.01 Assignment and Subrogation
- 7.04 Release of All Collateral

I've highlighted the last two because I'm not sure I understand what our concerns were on these two areas of the Agreement.

Hopefully these line up with your own notes, but I would recommend just scanning to make sure I haven't missed anything.

Thanks, Anna

From:	Ken Kandeepan
To:	Anna Strathy; Gadi Mayman
Cc:	Mike Manning; Ronald Kwan
Subject:	RE: For Discussion with Malle
Date:	Thursday, November 09, 2017 4:05:10 PM

Hi Gadi

As discussed.

Thanks

Ken k

From: Anna Strathy
Sent: Thursday, November 09, 2017 1:24 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: For Discussion with Malle

Hi Gadi,

Thank you. I've updated the list to include the items you've flagged below so that we have everything in one place:

Process Agreement

- 2.01 Deliveries to the Province
  - No concerns with removing PILS/tax language
- 2.02 Covenants
  - First use of *commercially reasonable efforts* and then throughout
  - Need legal opinion on whether to change to *best efforts*
- 2.02 (b) (iv) Province to review any description of the protection agreement
  - No concerns with this deletion
  - OPG likely to use boilerplate description of the guarantee
- 2.02 (c) Indemnity
  - No concerns, likely a requirement for OPG Board
- 4.01 Protection Agreement Maximum
  - CRITICAL – we can be flexible on the wording but we can't agree to removing Provincial approval of a maximum – compromise option would be to use the Financing Plan number as the Protection Agreement Maximum, the plan will be reviewed by MOE and the assumptions rigorously vetted.
  - Subject to OPCD review/input
- 5.02 Reps and Warranties of the Province
  - No concerns

Protection Agreement

- Need to review the Indemnity Agreement
- 1.17 References to the Financing Entity
  - No concerns with removing Trustee
- 2.09c Modifications of Approved Obligations
  - Why not seek consent of the Province when changing its obligations?
- Article V
  - Edit title to ***Provincial*** *Matters*
- 5.01 Assignment and Subrogation
  - Why remove the subrogation after the Province has taken on the obligations?
- 7.04 Release of All Collateral
  - What is meant by collateral? Would it include sinking funds? If it does, the Province should get the sinking funds, not leave them with OPG
- 9.07 Force Majeure
  - Why remove the Force Majeure clause?

From: Gadi Mayman
Sent: Thursday, November 09, 2017 12:50 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: For Discussion with Malle

That lines up with my recollection. In the process agreement on 4.01, the only point that I'll raise in addition to what you've written is that OPCD may have a view. On the Protection Agreement, I also had a note on 2.09c where I was wondering why they wouldn't want the consent of the Province if changing your obligations. On 5.01, we were wondering why OPG want to remove the subrogation after we've taken on the obligations, and why they would care at that point. For 7.04, we were wondering what is meant by collateral in this agreement, and whether it would include sinking funds, because if it does, we should get the sinking funds, not leave them with OPG. One other point I had was on 9.07 and a question of why they'd want the Force Majeure clause removed.

Thanks for putting this together.

Gadi

From: Anna Strathy
Sent: Thursday, November 09, 2017 12:27 PM

To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: For Discussion with Malle

Hi Gadi,

As discussed, here are the areas that you may want to raise with Malle this afternoon before we arrange a meeting with the larger group:

Process Agreement

- 2.01 Deliveries to the Province
  - No concerns with removing PILS/tax language
- 2.02 Covenants
  - First use of *commercially reasonable efforts* and then throughout
  - Need legal opinion on whether to change to *best efforts*
- 2.02 (b) (iv) Province to review any description of the protection agreement
  - No concerns with this deletion
  - OPG likely to use boilerplate description of the guarantee
- 2.02 (c) Indemnity
  - No concerns, likely a requirement for OPG Board
- 4.01 Protection Agreement Maximum
  - CRITICAL – we can be flexible on the wording but we can't agree to removing Provincial approval of a maximum
- 5.02 Reps and Warranties of the Province
  - No concerns

Protection Agreement

- Need to review the Indemnity Agreement
- 1.17 References to the Financing Entity
  - No concerns with removing Trustee
- Article V
  - Edit title to ***Provincial*** *Matters*
- 5.01 Assignment and Subrogation
- 7.04 Release of All Collateral

I've highlighted the last two because I'm not sure I understand what our concerns were on these two areas of the Agreement.

Hopefully these line up with your own notes, but I would recommend just scanning to make sure I haven't missed anything.

Thanks, Anna

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Mike Manning
Cc:	Anna Strathy; Ken Kandeepan; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject:	RE: For our discussion
Date:	Friday, November 10, 2017 10:46:03 AM

Perhaps Anna could send around a conference call number for 4pm to the usual group and whoever can join will?

From: Hanslep, Malle (MOF)
Sent: November 10, 2017 10:35 AM
To: Mayman, Gadi (OFA); Manning, Mike (OFA)
Cc: Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: For our discussion

Hi,

I contacted Steve and he is hoping to send some comments by mid-day and could have a call from 4 to 4:30.

Malle

From: Hanslep, Malle (MOF)
Sent: November 9, 2017 5:24 PM
To: Mayman, Gadi (OFA)
Cc: Strathy, Anna (OFA); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: For our discussion

Hi Gadi,

I spoke to Steve and tomorrow afternoon is a bit soon to have a group meeting on these points as he has been tied up on another matter today and part of tomorrow. Perhaps Toby and I will have a late afternoon call with him tomorrow to go over these issues and we will also review the agreement more carefully taking into account the various comments that you have sent us.

Also, it would be helpful to have a draft of the financing plan since it is an important document being referenced in these agreements as setting out the maximum. I wonder what the possible timing of the Province receiving a draft is as it would be very helpful to assessing the viability of that approach.

Perhaps it would be helpful to schedule a meeting for Tuesday for the larger group to discuss the agreements. Thanks.

Malle

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 9, 2017 4:33 PM

To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Strathy, Anna (OFA); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Subject: For our discussion

Process Agreement

- 2.01 Deliveries to the Province
  - No concerns with removing PILS/tax language
- 2.02 Covenants
  - First use of *commercially reasonable efforts* and then throughout
  - Need legal opinion on whether to change to *best efforts*
- 2.02 (b) (iv) Province to review any description of the protection agreement
  - No concerns with this deletion
  - OPG likely to use boilerplate description of the guarantee
- 2.02 (c) Indemnity
  - No concerns, likely a requirement for OPG Board
- 4.01 Protection Agreement Maximum
  - CRITICAL – we can be flexible on the wording but we can't agree to removing Provincial approval of a maximum – compromise option would be to use the Financing Plan number as the Protection Agreement Maximum, the plan will be reviewed by MOE and the assumptions rigorously vetted.
  - Subject to OPCD review/input
- 5.02 Reps and Warranties of the Province
  - No concerns

Protection Agreement

- Need to review the Indemnity Agreement
- 1.17 References to the Financing Entity
  - No concerns with removing Trustee
- 2.09c Modifications of Approved Obligations
  - Why not seek consent of the Province when changing its obligations?
- Article V
  - Edit title to ***Provincial*** *Matters*
- 5.01 Assignment and Subrogation
  - Why remove the subrogation after the Province has taken on the obligations?
- 7.04 Release of All Collateral
  - What is meant by collateral? Would it include sinking funds? If it does, the Province should get the sinking funds, not leave them with OPG
- 9.07 Force Majeure
  - Why remove the Force Majeure clause?

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From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Mike Manning
Cc:	Anna Strathy; Ken Kandeepan; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject:	RE: For our discussion
Date:	Friday, November 10, 2017 10:35:19 AM

Hi,

I contacted Steve and he is hoping to send some comments by mid-day and could have a call from 4 to 4:30.

Malle

From: Hanslep, Malle (MOF)
Sent: November 9, 2017 5:24 PM
To: Mayman, Gadi (OFA)
Cc: Strathy, Anna (OFA); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: For our discussion

Hi Gadi,

I spoke to Steve and tomorrow afternoon is a bit soon to have a group meeting on these points as he has been tied up on another matter today and part of tomorrow. Perhaps Toby and I will have a late afternoon call with him tomorrow to go over these issues and we will also review the agreement more carefully taking into account the various comments that you have sent us.

Also, it would be helpful to have a draft of the financing plan since it is an important document being referenced in these agreements as setting out the maximum. I wonder what the possible timing of the Province receiving a draft is as it would be very helpful to assessing the viability of that approach.

Perhaps it would be helpful to schedule a meeting for Tuesday for the larger group to discuss the agreements. Thanks.

Malle

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 9, 2017 4:33 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Strathy, Anna (OFA); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Subject: For our discussion

Process Agreement

- 2.01 Deliveries to the Province
  - No concerns with removing PILS/tax language
- 2.02 Covenants

- First use of *commercially reasonable efforts* and then throughout
- Need legal opinion on whether to change to *best efforts*

- 2.02 (b) (iv) Province to review any description of the protection agreement
  - No concerns with this deletion
  - OPG likely to use boilerplate description of the guarantee
- 2.02 (c) Indemnity
  - No concerns, likely a requirement for OPG Board
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  - CRITICAL – we can be flexible on the wording but we can't agree to removing Provincial approval of a maximum – compromise option would be to use the Financing Plan number as the Protection Agreement Maximum, the plan will be reviewed by MOE and the assumptions rigorously vetted.
  - Subject to OPCD review/input
- 5.02 Reps and Warranties of the Province
  - No concerns

<u>Protection Agreement</u>

- Need to review the Indemnity Agreement
- 1.17 References to the Financing Entity
  - No concerns with removing Trustee
- 2.09c Modifications of Approved Obligations
  - Why not seek consent of the Province when changing its obligations?
- Article V
  - Edit title to ***Provincial*** *Matters*
- 5.01 Assignment and Subrogation
  - Why remove the subrogation after the Province has taken on the obligations?
- 7.04 Release of All Collateral
  - What is meant by collateral? Would it include sinking funds? If it does, the Province should get the sinking funds, not leave them with OPG
- 9.07 Force Majeure
  - Why remove the Force Majeure clause?

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From: Hanslep, Malle (MOF)
To: Gadi Mayman
Cc: Anna Strathy; Mike Manning; Ken Kandeepan; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject: RE: For our discussion
Date: Thursday, November 09, 2017 5:23:52 PM

Hi Gadi,

I spoke to Steve and tomorrow afternoon is a bit soon to have a group meeting on these points as he has been tied up on another matter today and part of tomorrow. Perhaps Toby and I will have a late afternoon call with him tomorrow to go over these issues and we will also review the agreement more carefully taking into account the various comments that you have sent us.

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Perhaps it would be helpful to schedule a meeting for Tuesday for the larger group to discuss the agreements. Thanks.

Malle

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 9, 2017 4:33 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Strathy, Anna (OFA); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Subject: For our discussion

Process Agreement

- 2.01 Deliveries to the Province
  - No concerns with removing PILS/tax language
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  - No concerns, likely a requirement for OPG Board
- 4.01 Protection Agreement Maximum
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- Subject to OPCD review/input
- 5.02 Reps and Warranties of the Province
  - No concerns

<u>Protection Agreement</u>

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From:	Anna Strathy
To:	Malle Hanslep (MOF); Gadi Mayman; Mike Manning
Cc:	Ken Kandeepan; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject:	RE: For our discussion
Date:	Friday, November 10, 2017 10:55:01 AM

Happy to. Will send an invite shortly.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 10, 2017 10:46 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: For our discussion

Perhaps Anna could send around a conference call number for 4pm to the usual group and whoever can join will?

From: Hanslep, Malle (MOF)
Sent: November 10, 2017 10:35 AM
To: Mayman, Gadi (OFA); Manning, Mike (OFA)
Cc: Strathy, Anna (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: For our discussion

Hi,

I contacted Steve and he is hoping to send some comments by mid-day and could have a call from 4 to 4:30.

Malle

From: Hanslep, Malle (MOF)
Sent: November 9, 2017 5:24 PM
To: Mayman, Gadi (OFA)
Cc: Strathy, Anna (OFA); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: For our discussion

Hi Gadi,

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Malle

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 9, 2017 4:33 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Strathy, Anna (OFA); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Subject: For our discussion

Process Agreement

- 2.01 Deliveries to the Province
  - No concerns with removing PILS/tax language
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  - No concerns, likely a requirement for OPG Board
- 4.01 Protection Agreement Maximum
  - CRITICAL – we can be flexible on the wording but we can't agree to removing Provincial approval of a maximum – compromise option would be to use the Financing Plan number as the Protection Agreement Maximum, the plan will be reviewed by MOE and the assumptions rigorously vetted.
  - Subject to OPCD review/input
- 5.02 Reps and Warranties of the Province
  - No concerns

Protection Agreement

- Need to review the Indemnity Agreement
- 1.17 References to the Financing Entity
  - No concerns with removing Trustee
- 2.09c Modifications of Approved Obligations
  - Why not seek consent of the Province when changing its obligations?
- Article V
  - Edit title to ***Provincial*** *Matters*
- 5.01 Assignment and Subrogation
  - Why remove the subrogation after the Province has taken on the obligations?
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  - What is meant by collateral? Would it include sinking funds? If it does, the Province should get the sinking funds, not leave them with OPG

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From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN; Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Cc:	Gadi Mayman
Subject:	RE: Interim Mark-up of the new Torys version of the Process Agreement
Date:	Thursday, December 07, 2017 11:34:43 AM

Hi Steve,

Are you available for a call at 2pm today to go through the points?

Thanks

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December 7, 2017 10:21 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: Mayman, Gadi (OFA)
Subject: RE: Interim Mark-up of the new Torys version of the Process Agreement

Hi again. Here is my further mark-up of the Process Agreement. We have now received comments on the Protection Agreement from Osler, so we should be able to address some of the open issues I had highlighted last night. We will circulate comments on the Protection Agreement to this group later in the day, but in the meantime please let me have your feedback on the Process Agreement mark-up.
Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blakes

Blake, Cassels & Graydon LLP

199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
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From: ASHBOURNE, STEPHEN
Sent: Wednesday, December 06, 2017 6:16 PM
To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); Mike Manning; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca
Cc: Gadi Mayman (Gadi.Mayman@ofina.on.ca)
Subject: Interim Mark-up of the new Torys version of the Process Agreement

Hi. In the interest of time, here are my preliminary comments on the version of the Process Agreement just circulated by Torys (at 4:39 this afternoon). You will see that there are several provisions that tie-in to what appear to be new proposed changes to the Protection Agreement – although we won't be able to understand them until that other document is circulated by Torys. I have highlighted those and a few other points for you to specifically consider, in yellow or in new footnotes. It would be helpful if you could review my interim mark-up, as you look over the blackline forwarded by Torys this afternoon (also attached here for your convenience), and let me know if you agree with my suggested revisions. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN; Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Cc:	Gadi Mayman
Subject:	RE: Interim Mark-up of the new Torys version of the Process Agreement
Date:	Thursday, December 07, 2017 10:26:37 AM

Hi Steve,

We are reviewing. Perhaps we might need to have a call to discuss this. Thanks.

Malle

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December 7, 2017 10:21 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: Mayman, Gadi (OFA)
Subject: RE: Interim Mark-up of the new Torys version of the Process Agreement

Hi again. Here is my further mark-up of the Process Agreement. We have now received comments on the Protection Agreement from Osler, so we should be able to address some of the open issues I had highlighted last night. We will circulate comments on the Protection Agreement to this group later in the day, but in the meantime please let me have your feedback on the Process Agreement mark-up.
Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

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From: ASHBOURNE, STEPHEN
Sent: Wednesday, December 06, 2017 6:16 PM
To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); Mike Manning; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca
Cc: Gadi Mayman (Gadi.Mayman@ofina.on.ca)
Subject: Interim Mark-up of the new Torys version of the Process Agreement

Hi. In the interest of time, here are my preliminary comments on the version of the Process Agreement just circulated by Torys (at 4:39 this afternoon). You will see that there are several provisions that tie-in to what appear to be new proposed changes to the Protection Agreement – although we won't be able to understand them until that other document is circulated by Torys. I have highlighted those and a few other points for you to specifically consider, in yellow or in new footnotes. It would be helpful if you could review my interim mark-up, as you look over the blackline forwarded by Torys this afternoon (also attached here for your convenience), and let me know if you agree with my suggested revisions. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From:	ASHBOURNE, STEPHEN
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG)
Cc:	Gadi Mayman
Subject:	RE: Interim Mark-up of the new Torys version of the Process Agreement
Date:	Thursday, December 07, 2017 10:21:32 AM
Attachments:	23239361-v22-Change of Law - Process Agreement.DOCX 23239361-vpdf-Change of Law - Process Agreement.PDF

Hi again. Here is my further mark-up of the Process Agreement. We have now received comments on the Protection Agreement from Osler, so we should be able to address some of the open issues I had highlighted last night. We will circulate comments on the Protection Agreement to this group later in the day, but in the meantime please let me have your feedback on the Process Agreement mark-up. Regards, Steve

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From: ASHBOURNE, STEPHEN
Sent: Wednesday, December 06, 2017 6:16 PM
To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); Mike Manning; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca
Cc: Gadi Mayman (Gadi.Mayman@ofina.on.ca)
Subject: Interim Mark-up of the new Torys version of the Process Agreement

Hi. In the interest of time, here are my preliminary comments on the version of the Process Agreement just circulated by Torys (at 4:39 this afternoon). You will see that there are several provisions that tie-in to what appear to be new proposed changes to the Protection Agreement – although we won't be able to understand them until that other document is circulated by Torys. I have highlighted those and a few other points for you to specifically consider, in yellow or in new footnotes. It would be helpful if you could review my interim mark-up, as you look over the blackline forwarded by Torys this afternoon (also attached here for your convenience), and let me know if you agree with my suggested revisions. Thanks, Steve

Stephen R. Ashbourne

Partner
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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the final forms of certain of the Transaction Documents, as described on Exhibit "A", and the Province has not objected to such forms and has confirmed to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**") and the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has acknowledged receipt of the initial Financing Plan and has not disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the

designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed change in the terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used that could reasonably be expected to have a Material Effect; provided, however, that a proposed change in particular financial terms, rates and levels would not be such a material change other than a proposed change to any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the previously provided Transaction Document and that would have a Material Effect, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) Without limiting Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement, replacement, waiver or consent could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any supplementation, amendment, modification, restatement, replacement, waiver or consent of, to or in respect of particular financial terms, rates and levels other than a supplementation, amendment, modification, restatement, replacement, waiver or consent to or in respect of any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the applicable Program Agreement and that would have a Material Effect;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to have a Material Effect; provided, however, that the foregoing does not apply to any such action taken in respect of particular financial terms, rates and levels other than such an action taken in respect of any specific requirements,

limitations or parameters with respect to such financial terms, rates and levels that were set forth in the applicable Program Agreement and that would have a Material Effect; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change

of Law Protection Agreement was entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights; ***[NTD: OPG can only provide an estimate of these matters and the actual pricing may be different than what is provided in the certificate since the price is based on the spot market and subject to change.]***

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or

to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(a)(ii)][1] of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement [but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection [4.02(b)(ii)] of the Change of Law Protection Agreement to the Indenture Trustee and the Province in

[1] Section change to be confirmed once Protection Agreement is recirculated.

connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied at the time such Primary Obligation was incurred.][2] ***[NTD: Conforming changes made to line up with Change of Law Protection Agreement.]***

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary

[2] Note to Province: Changes have been made to the Protection Agreement that have not been circulated, so we are unable to understand the nature of this change. Torys gave Province a heads up on the 12/5 call that dealers would want any post-Suspension Refinancing not to itself be subject to the Adherence Conditions otherwise applying. This would be a new point and would significantly undermine the internal structure developed to allow the Province to know the scope of its potential obligations. In the absence of the Refinancing transaction being subject to the agreed Adherence Conditions, OPG would have no constraints on the nature and documentation of that Refinancing, and the Province would become subject to those Refinancing terms, whatever they are – without any ability to object or mitigate its exposure. Based on the current Protection Agreement requirements, any Refinancing would be subject to the "substantially in the form" requirements, which would mean that the key Refinancing terms would be unchanged, but the replacement financial terms would be unconstrained (e.g., to achieve a Refinancing, OPG could reprice the debt at a significantly higher interest rate to attract investors, and the Province would have no right to object). Blakes suggests that, if this in fact what is to be contemplated in the next Tory version of the Protection Agreement, OFA should reject this sort of significant weakening of the internal protections now contemplated and tell the dealers that unconstrained repricing flexibility will need to be sufficient to be assured that a Refinancing will be possible.

Obligation that could have a Material Effect; provided, however, that the foregoing does not apply to any particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) a default in the performance, or breach, of any other covenants of OPG under this Agreement (excluding Section 2.01(b)(i), Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been

received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, including any proposed change that could affect the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Section 4.01.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION[3]

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- [Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.]

[3] Explanatory Note: The Province is limiting this to the documents required to complete the warehouse financing. Term issuance related documents will be considered by the Province once received under 2.01(b)(ii) and become part of the Reviewed Documentation in accordance with 3.04(b).

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT[1]

Dated as of [■], 2017

[1] ~~Explanatory Note: Closing mechanics under consideration by the Province. Province to advise what is under consideration.~~

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with the ~~proposed~~final forms of certain of the Transaction Documents~~ listed~~, as described on Exhibit "A", and the Province has not objected to such forms and has confirmed to OPG that such Transaction Documents will constitute "Reference Documentation" for purposes of this Agreement.

Prior to entering into this Agreement, OPG, as the FSM, provided the Province with the initial Financing Plan, which includes the initial forecast (the "**Initial Forecast**") setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under ~~Approved~~ Obligations Secured to be incurred during the 24 month period from December 1, 2017 to November 30, 2019 (the "**Initial Forecast Period**") and the initial Protection Agreement Maximum (the "**Initial Protection Agreement Maximum**"). The Province has acknowledged receipt of the initial Financing Plan and has not ~~objected to~~disagreed with the Initial Forecast or the Initial Protection Agreement Maximum on the basis of an apparent inaccuracy in the Initial Forecast, an inconsistency between the Initial Forecast and the initial Financing Plan, or as a result of the Initial Protection Agreement Maximum being more than the Initial Forecast.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the

Adherence Conditions have been satisfied and maintaining information related to the Program Agreements and the Approved Obligations.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall"; the word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed; the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT (ONTARIO).

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days, or such lesser period as the Province may agree to in writing, prior to:

(i) any proposed change in the ~~material~~ terms or conditions applicable to a Primary Obligation in a previously provided Transaction Document becoming effective or otherwise being used~~, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ that could reasonably be expected to have a Material Effect; provided, however, that ~~the foregoing does not apply to any~~a proposed change in particular financial terms, rates and levels would not be such a material change other than a proposed change to any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the previously provided Transaction Document and that would have a Material Effect, and

(ii) any additional, supplemental or replacement Transaction Document becoming effective or otherwise being used,

OPG shall deliver to the Province a copy of such proposed change to the Transaction Document and any such additional, supplemental or replacement Transaction Document.

(c) ~~Promptly~~Without limiting Subsection 2.01(b), promptly following (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional, supplemental or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not (unless waived in writing by the Province):

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement ~~or~~, replacement ~~or~~, waiver or consent could reasonably be considered to ~~be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement~~have a Material Effect; provided, however, that the foregoing does not apply to any ~~change in~~supplementation, amendment, modification, restatement, replacement, waiver or consent of, to or in respect of particular financial terms, rates and levels~~;~~ other than a supplementation, amendment, modification, restatement, replacement, waiver or consent to or in respect of any specific requirements, limitations or parameters with respect to such

financial terms, rates and levels that were set forth in the applicable Program Agreement and that would have a Material Effect;

(B) extend, renew, compromise, novate, replace, suspend, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, liquidate or enforce the terms of all or any part of the Approved Obligations or any Collateral, if any such action could reasonably be considered to ~~be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement~~have a Material Effect; provided, however, that the foregoing does not apply to ~~the extent that only~~any such action taken in respect of particular financial terms, rates and levels ~~are affected~~other than such an action taken in respect of any specific requirements, limitations or parameters with respect to such financial terms, rates and levels that were set forth in the applicable Program Agreement and that would have a Material Effect; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

~~***[NTD: As discussed, para (D) was deleted as a consequence of the Province's assumption right being deleted.]***~~

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) notify the Province of (1) the occurrence of any Breach Event and any Program Breach, in each case within 2 Business Days of any such occurrence, and (2) any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Breach Event or a Program Breach, in each case within 1 Business Day of OPG first becoming aware of such event or circumstance; and

(v) ~~(iv)~~ after the occurrence of any Protection Event (or any event or circumstance known to OPG that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption,

pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement between the Province and OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") are not amended by this Agreement and continue in full force and effect, notwithstanding that this Agreement is entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

(d) The Province and OPG acknowledge that their obligations to each other under the Indemnity Agreement are not amended by the Change of Law Protection Agreement and continue in full force and effect, notwithstanding that the Change of Law Protection Agreement was entered into subsequent to the Indemnity Agreement. ***[NTD: Torys and Blakes have mutually agreed to this language.]***

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) and addressed to the Province, on or before the incurrence or any amendment of a Funding Obligation, other than any Funding Obligation under which not more than $5,000,000 in the aggregate may become payable by the Financing Entity (provided that delivery may not be more than 5 Business Days before the incurrence or amendment of the Funding Obligation), setting out the following with respect to such Funding Obligation:

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, OPG's best estimate of the expected notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights; ***[NTD: OPG can only provide an estimate of these matters and the actual pricing may be different than what is provided in the certificate since the price is based on the spot market and subject to change.]***

(b) if an existing Funding Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reference Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reference Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum applicable on the date that the Process Certificate is delivered; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Acknowledgement regarding delivery of certificate under Change of Law Protection Agreement

The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, the Chief Financial Officer and the Treasurer of OPG or any two Executive Officers of OPG (for clarity, such certificate is to be provided by such officers in their capacity as officers of OPG acting in its capacity as FSM) are authorized to deliver the certificate referred to in Subsection [4.02(a)(ii)][1] of the Change of Law Protection Agreement to the Indenture Trustee confirming that OPG has complied with all of its obligations to the Province and internal requirements and processes in connection with adherence of the Limited Guarantee to the incurrence of the Certified Primary Obligations in respect of which the certificate in Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement is being delivered; provided that, upon receipt of a Suspension Notice under the Change of Law Protection Agreement, OPG covenants not to deliver any further certificates to the Indenture Trustee under Subsection [4.02(a)(ii)] of the Change of Law Protection Agreement [but, for greater certainty, OPG, as FSM, may deliver a certificate referred to in Subsection [4.02(b)(ii)] of the Change of Law Protection Agreement to the Indenture Trustee and the Province in connection with a Refinancing of a Primary Obligation in respect of which the Adherence Conditions in Subsection 4.02(a) of the Change of Law Protection Agreement had been satisfied at the time such Primary Obligation was incurred.][2] ***[NTD: Conforming changes made to line up with Change of Law Protection Agreement.]***

3.03 Acknowledgement regarding delivery of Suspension Notice

The parties acknowledge and agree that the Province is entitled to deliver a Suspension Notice under Section 7.01 of the Change of Law Protection Agreement if a Program Breach or Breach Event has occurred. The Province agrees not to deliver a Suspension Notice pursuant to Section 7.01 of the Change of Law Protection Agreement unless a Program Breach or a Breach Event has occurred.

[1] Section change to be confirmed once Protection Agreement is recirculated.

[2] Note to Province: Changes have been made to the Protection Agreement that have not been circulated, so we are unable to understand the nature of this change. Torys gave Province a heads up on the 12/5 call that dealers would want any post-Suspension Refinancing not to itself be subject to the Adherence Conditions otherwise applying. This would be a new point and would significantly undermine the internal structure developed to allow the Province to know the scope of its potential obligations. In the absence of the Refinancing transaction being subject to the agreed Adherence Conditions, OPG would have no constraints on the nature and documentation of that Refinancing, and the Province would become subject to those Refinancing terms, whatever they are – without any ability to object or mitigate its exposure. Based on the current Protection Agreement requirements, any Refinancing would be subject to the "substantially in the form" requirements, which would mean that the key Refinancing terms would be unchanged, but the replacement financial terms would be unconstrained (e.g., to achieve a Refinancing, OPG could reprice the debt at a significantly higher interest rate to attract investors, and the Province would have no right to object). Blakes suggests that, if this in fact what is to be contemplated in the next Tory version of the Protection Agreement, OFA should reject this sort of significant weakening of the internal protections now contemplated and tell the dealers that unconstrained repricing flexibility will need to be sufficient to be assured that a Refinancing will be possible.

3.04 Meaning of "Reference Documentation"

For the purposes of Subsection 3.01(c), the term "Reference Documentation" shall mean each Transaction Document that, at the relevant time:

(a) is a Transaction Document listed on Exhibit "A"; or

(b) is a Transaction Document (including any amended Transaction Document) provided to the Province in accordance with Subsection 2.01(b) that has not been objected to by the Province, by delivery of an objection notice in writing delivered to OPG, within 10 Business Days after it is provided to the Province.

3.05 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reference Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reference Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation~~, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation~~ that could have a Material Effect; provided, however, that the foregoing does not apply to any~~ variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reference Documentation, including the~~ particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reference Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reference Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(b) Not more than 10 Business Days, or such lesser period as the Province may agree to in writing, following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in ~~the Financing Plan or~~ such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is more than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province and OPG, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(c) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
BREACH EVENTS

6.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, by OPG of Section 2.01(b)(i), Section 2.02(b)(iv) or Section 3.01;

(b) ~~(a)~~ a default in the performance, or breach, of any other covenants of OPG under this Agreement~~,~~ (excluding Section 2.01(b)(i), ~~which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;~~

~~(b)~~ ~~a default in the performance, or breach, by OPG of Section 2.01(b)(i)~~Section 2.02(b)(iv) and Section 3.01), which, if curable in a way such that the default or breach would not have or have had a Material Effect, is not so cured within thirty (30) days;

(c) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Subsection 4.02 of the Change of Law Protection Agreement, proves to be incorrect on the date made and~~, if curable, is not~~ which, if curable in a way such that the incorrect representation or warranty may be remedied without any Material Effect having occurred as a result of the Province's reliance thereon, is not so cured within thirty (30) days ~~after written notice by the Province to OPG of such misrepresentation~~; or

(d) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

ARTICLE VII
MISCELLANEOUS

7.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

7.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic

communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: General Counsel
Fax: (416) 592-4189

(b) if to the Province:

~~Ministry~~Deputy Minister of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Deputy Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 7.02.

7.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 7.03 shall be null and void.

7.04 Enurement

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

7.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or

any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

7.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 6.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Certified Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the ~~FSM on behalf of the~~ Financing Entity, OPG (as the FSM and the Manager) and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes,

bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Executive Officer**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**IESO Security Agreement**" has the meaning ascribed thereto in the Trust Indenture.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Forecast Period**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Initial Protection Agreement Maximum**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

~~23239361.20~~23239361.22

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Material Effect**" means a material effect on the obligations (including as a result of a change in the nature, scope or extent of the Primary Obligation and the effect on the Province's obligations therefor under the Limited Guarantee) or rights of the Province under the Limited Guarantee, the Change of Law Protection Agreement or this Agreement, including any proposed change that could affect the timing of or circumstances under which related payments would or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that could affect the Province's rights of subrogation or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Program Breach**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with ~~Article IV~~ Section 4.01.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reference Documentation**" has the meaning ascribed thereto in Section 3.04.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.05.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that ~~affects~~could affect the Province's rights of subrogation ~~rights and/or subrogee interests~~or assignment (including pursuant to Sections 1.05, 2.01 or 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT "A"
INITIAL REFERENCE DOCUMENTATION[3]

- Declaration of Trust;
- Management Agreement;
- Master Transfer and Servicing Agreement;
- Acknowledgement and indemnity agreement dated as of [■], 2017 made by IESO in favour of the Indenture Trustee;
- IESO Security Agreement;
- Trust Indenture;
- Warehouse Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;
- Warehouse Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017; and
- [Warehouse Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■~~], 2017.~~], 2017.]
- ~~Term Senior Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~Term Junior Subordinated Series 2017-1 Supplemental Indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017;~~
- ~~[Confidential shelf offering memorandum of the Financing Entity dated as of [■], 2017, including the term sheet incorporated by reference therein; and~~
- ~~Agency agreement between the Financing Entity, CIBC World Markets Inc., RBC Dominion Securities Inc., Goldman Sachs Canada Inc. and the other agents named therein dated as of [■], 2017.] *[NTD: OM and Agency Agreement will be removed from Schedule A if not provided to the Province sufficiently in advance of execution of the Process Agreement.]*~~

[3] Explanatory Note: The Province is limiting this to the documents required to complete the warehouse financing. Term issuance related documents will be considered by the Province once received under 2.01(b)(ii) and become part of the Reviewed Documentation in accordance with 3.04(b).

Document comparison by Workshare Compare on Thursday, December 07, 2017 10:15:37 AM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/20
Description	TOR_2528-#23239361-v20-Change_of_Law_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/22
Description	TOR_2528-#23239361-v22-Change_of_Law_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	68
Deletions	52
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	124

From:	ASHBOURNE, STEPHEN
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG)
Cc:	Gadi Mayman
Subject:	RE: Interim Mark-up of the new Torys version of the Process Agreement
Date:	Thursday, December 07, 2017 12:16:10 PM

Yes, that's fine. Thanks.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, December 07, 2017 11:34 AM
To: ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: Mayman, Gadi (OFA)
Subject: RE: Interim Mark-up of the new Torys version of the Process Agreement

Hi Steve,

Are you available for a call at 2pm today to go through the points?

Thanks

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December 7, 2017 10:21 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Cc: Mayman, Gadi (OFA)
Subject: RE: Interim Mark-up of the new Torys version of the Process Agreement

Hi again. Here is my further mark-up of the Process Agreement. We have now received comments on the Protection Agreement from Osler, so we should be able to address some of the open issues I had highlighted last night. We will circulate comments on the Protection Agreement to this group later in the

day, but in the meantime please let me have your feedback on the Process Agreement mark-up. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
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blakes.com[blakes.com] **| Twitter**[twitter.com] **| Unsubscribe**[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: ASHBOURNE, STEPHEN
Sent: Wednesday, December 06, 2017 6:16 PM
To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); Mike Manning; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca
Cc: Gadi Mayman (Gadi.Mayman@ofina.on.ca)
Subject: Interim Mark-up of the new Torys version of the Process Agreement

Hi. In the interest of time, here are my preliminary comments on the version of the Process Agreement just circulated by Torys (at 4:39 this afternoon). You will see that there are several provisions that tie-in to what appear to be new proposed changes to the Protection Agreement – although we won't be able to understand them until that other document is circulated by Torys. I have highlighted those and a few other points for you to specifically consider, in yellow or in new footnotes. It would be helpful if you could review my interim mark-up, as you look over the blackline forwarded by Torys this afternoon (also attached here for your convenience), and let me know if you agree with my suggested revisions. Thanks, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From:	Anna Strathy
To:	Mike Manning; Ronald Kwan; John Kim; Gadi Mayman
Cc:	Usman Zahid
Subject:	RE: Internal Discussion | Protection and Process Agreements | Blakes, OFA, MOF, Energy, OPCD
Date:	Tuesday, November 21, 2017 11:27:38 AM

For those of you that would like to take the call altogether, we'll be in the Executive Boardroom.

-----Original Appointment-----
From: Anna Strathy
Sent: Tuesday, November 21, 2017 10:41 AM
To: Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Ken Kandeepan; Mike Manning; Ronald Kwan; John Kim; Veinot, Cindy (TBS); Steen Hume (CAB); Tim Christie (ENERGY); Gadi Mayman; Mark Donaldson (MOF); Daniel Cayley (ENERGY)
Cc: Usman Zahid; Hilary Cox (ENE); 'Hosick, Sarah (TBS)'
Subject: Internal Discussion | Protection and Process Agreements | Blakes, OFA, MOF, Energy, OPCD
When: Tuesday, November 21, 2017 11:30 AM-12:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Purpose: to discuss proposed dealer changes, received yesterday afternoon.

Toll-free dial-in number: 1-866-602-5461

Local dial-in number: 416-212-8011

Conference ID: 4717656

OFA to Moderate

From:	Ronald Kwan
To:	Anna Strathy
Subject:	RE: Internal review of OPG comments on Provincial Protection Agreement
Date:	Wednesday, November 08, 2017 6:18:13 PM

Hi Anna,

I may have missed them, but were OPG`s comments on the draft circulated?

Thanks,

Ron

-----Original Appointment-----
From: Anna Strathy
Sent: November-08-17 14:45
To: Ronald Kwan; James Devine; Mike Manning; Carlos Yep; Ken Kandeepan; Gadi Mayman; Hresa Gavaris
Subject: Internal review of OPG comments on Provincial Protection Agreement
When: November-09-17 11:00-12:00 (UTC-05:00) Eastern Time (US & Canada).
Where: Boardroom Exec

From:	Anna Strathy
To:	Ronald Kwan
Subject:	RE: Internal review of OPG comments on Provincial Protection Agreement
Date:	Thursday, November 09, 2017 8:51:10 AM

Apologies Ron. You likely saw them come from Ken this morning. We scheduled this meeting in anticipation of receiving OPG's comments eod yesterday.

From: Ronald Kwan
Sent: Wednesday, November 08, 2017 6:18 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Internal review of OPG comments on Provincial Protection Agreement

Hi Anna,

I may have missed them, but were OPG`s comments on the draft circulated?

Thanks,

Ron

-----Original Appointment-----
From: Anna Strathy
Sent: November-08-17 14:45
To: Ronald Kwan; James Devine; Mike Manning; Carlos Yep; Ken Kandeepan; Gadi Mayman; Hresa Gavaris
Subject: Internal review of OPG comments on Provincial Protection Agreement
When: November-09-17 11:00-12:00 (UTC-05:00) Eastern Time (US & Canada).
Where: Boardroom Exec

From: Ronald Kwan
To: Ken Kandeepan; Gadi Mayman
Cc: Mike Manning; Anna Strathy
Subject: RE: Issues already decided
Date: Tuesday, November 14, 2017 10:00:07 AM

Hi Ken,

Is it fair to point out Blakes' two policy (not legal) questions raised on the role of the FSM (vs OPG itself) in the agreements, and on a lower standard of compliance on commercially reasonable vs best efforts; and Malle's comment on how if they are in default of the process document, that the consequence seems more on the Province – as it triggers a default and the Province's obligations – if I captured those legal comments correctly.

The lawyers can say it better at the meeting, of course.

Ron

From: Ken Kandeepan
Sent: November-14-17 09:48
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Issues already decided

Hi Gadi

As discussed the following were already decided upon last Friday:

- The Province will accept the removal of the tax information requirements from the Process Agreement
- The Province will accept OPG's revisions to the program maximum requirements in the Process Agreement, as Malle suggested the briefing note to the two ministers will cover any potential risks to the Province from OPG setting the maximum as well as mitigation strategies.
- As very clearly explained by Cindy, the Province does not run the risk of large contingent liabilities in the Public Account's as a result of accepting OPG's revisions to the program maximum.
- In the interests of time the Indenture Trustee should be removed as a party to the Protection Agreement; this can be done by removing OPG's ability to issue US Debt which is now part of the Master Indenture Trust. Naturally OPG may have concerns however, these concerns should be alleviated by pointing out that the removal can be revisited, say one year hence.

Be useful if you can mention this at the start since we can address other outstanding issues.

Thanks

Ken k

From:	Anna Strathy
To:	Jonathan Tekle (CAB)
Cc:	David McLean (MOF); Patrick Laughton (MOF); Gadi Mayman; Ronald Kwan; Ken Kandeepan; Mike Manning; Usman Zahid; Tobias P. Whitfield (MOF); Mark Donaldson (MOF); Tim Christie (ENERGY); "Thouin, Alena (ENERGY)"; "Hosick, Sarah (TBS)"; Malle Hanslep (MOF); Hilary Cox (ENE); Tom McKinlay (MAG)
Subject:	RE: Materials | Joint Ministers Briefing | OFHP
Date:	Wednesday, November 29, 2017 9:31:00 AM
Attachments:	23254960-v8-Province Limited Guarantee - Briefing Deck.pptx

Good morning, Jonathan,

MOF Legal provided some minor, but important, edits to slides 5 and 6. They are indicated in red text in the attached version. We'd like this version to be considered the final version. I will bring clean, hard copies to the noon briefing.

Anna

From: Anna Strathy
Sent: Tuesday, November 28, 2017 5:21 PM
To: Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>
Cc: David McLean (MOF) <David.McLean@ontario.ca>; Patrick Laughton (MOF) <Patrick.Laughton@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Tim Christie (ENERGY) <Tim.Christie@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: Materials | Joint Ministers Briefing | OFHP

Hi Jonathan,

Please find attached, a proposed deck for use at the Joint Ministers briefing on the Protection Agreement, tomorrow at noon. Could you please share with the Energy and TBS DMOs?

I'm copying the rest of the group here that provided input, including OPCD and Energy. And my apologies to the group – our timelines did not allow for me to send this latest draft around for additional comments.

Thanks everyone,

Anna

<< File: 23254960-v7-Province Limited Guarantee - Briefing Deck.pptx >>

-----Original Appointment-----
From: Imbrogno, Serge (ENERGY) [mailto:Serge.Imbrogno@ontario.ca]
Sent: Monday, November 27, 2017 1:32 PM
To: Imbrogno, Serge (ENERGY); Martin Schlaepfer (MOF); Francesca Bungaro-Yemec (ENERGY); Steen Hume (CAB); Hilary Cox (ENE); HARTWICK Ken -FINANCE; 'LEE John - TREASURY'; 'jeffrey.lyash@opg.com'; catriona.king@opg.com; 'HOILETT Rosemarie - PRESIDENT'; Scott Thompson (CAB); Gadi Mayman; Anna Strathy; David McLean (MOF); Helen Angus (MOHLTC); Kyle MacIntyre (MOF)
Subject: Joint Ministers Briefing | OFHP
When: Wednesday, November 29, 2017 12:00 PM-1:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Room 263, Main Legislative Building

Ontario's Fair Hydro Plan

Limited Guarantee from the Province – Overview

Joint Ministers Briefing
November 29, 2017

Purpose

- Provide Ministers with an update of the work being done to prepare two provincial agreements to support the implementation of Ontario’s Fair Hydro Plan.

- Provide an overview of the two provincial agreements, including key details of the agreements.

- Outline next steps.

Context

- On March 2, 2017, the government announced its proposed Ontario's Fair Hydro Plan (OFHP), which would lower bills by 25% for a typical residential consumer, starting in the summer of 2017.

- Ontario Power Generation (OPG) has indicated that it requires some level of guarantee from province to be able to secure the financing for the OFHP.

- On September 25, 2017, TB/MBC approved a "term sheet" that set out the broad parameters of this guarantee.

- Ministries have been working with OPG, external lawyers and underwriters to finalize the provincial agreements.

- The provincial agreements must be signed by OPG and the Ministers of Energy and Finance well in advance of December 31st, to allow the Financing Entity to purchase the regulatory asset from the IESO before its year-end.

Overview of Provincial Approvals Already Completed

- Authorization under Section 5(3) of OFHPA
  - Section 5(3) provides that LGIC may by order authorize the Minister of Energy and Minister of Finance, acting together on behalf of the Province, to agree to guarantee or indemnify obligations associated with an Investment Interest

- Order in Council 1981/2017 made pursuant to subsection 5(3) of the OFHPA
  - The OIC, approved by Cabinet on September 27, 2017, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of a financing entity established under the OFHPA associated with investment interests acquired by a financing entity.

Overview of Proposed Agreements

- There are two agreements which set out the terms of the limited guarantee:
  1. Change of Law Protection Agreement **("Protection Agreement")**
  2. Change of Law Process Agreement ("**Process Agreement**")

- The **Protection Agreement** describes the circumstances that would trigger the guarantee:
  - A change of law (i.e., repeal or amendment of the *Ontario Fair Hydro Plan Act, 2017*); court decision; or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

- Should the guarantee be triggered, the Province would be required to pay the financial obligations of the Financing Entity, which would have an immediate impact on the Province's fiscal plan and debt.

- The Protection Agreement also describes "adherence conditions" which must be fulfilled before the guarantee covers debt obligations:
  - For example, OPG must certify that it has complied with internal process requirements with Province (i.e. in Process Agreement)

Overview of Proposed Agreements Cont'd

- The **Process Agreement** sets out the information and necessary documentation that has to be provided by OPG to the Province in connection with the application of the limited guarantee .

- A breach of the Process Agreement allows the Province to suspend the limited guarantee for any new obligations, other than for refinancings. Suspension does not affect obligations already covered by limited guarantee.

Accounting Implications

- Reporting structure of the Financing Entity, as determined by OPG, will be a subsidiary of OPG, reporting as a government business enterprise in the Public Accounts on a modified equity, one-line basis (no change from current presentation)

- Reporting under IFRS 10, the ability for OPG to consolidate the Financing Entity is determined by way of its power to direct and access returns from the subsidiary (as set out in the agreements)

- Province can set the terms and conditions without exercising direct control

Risks

- Accounting
  - Any actions taken by the Province to direct the activities of the Financing Entity may result in the Financing Entity being controlled directly by the Province and not consolidated under OPG
  - No assessment has been undertaken as to whether the Financing Entity would be considered a government business enterprise

- Province dependent on OPG for key matters relating to the limited guarantee
  - Less power/information than would typically be afforded to a guarantor
  - Significant reliance on OPG to deliver timely, accurate information
  - Province has no say on financing decisions if permitted by the Financing Plan

- Even without a change of law by the Legislature, a court determination may trigger a Protection Event

- Possible criticism for wholesale delegation to OPG; although accounting considerations and the Act itself lead to this outcome

- Potential for opportunistic litigation by Financing Entity creditors to trigger a Protection Event

Next Steps

- Ministries are working to finalize the two agreements, incorporating recent input from the credit rating agencies and continued input from the underwriters.

- Final agreements will come forward for signature by the Ministers of Energy and Finance in the coming weeks. The Minister of Finance will be asked to provide s.28 approval at the same time as the agreements are signed.

- Upon execution of the agreements, and completion of the rating agency process, the Financing Entity will enter into a short-term borrowing facility (the warehouse) in order to purchase the regulatory asset from the IESO before December 31st.

- In January 2018, the Financing Entity plans to issue long-term notes (bond issue) to empty the warehouse. Going forward, the Financing Entity will make monthly purchases of the regulatory asset. These purchases will be financed through the warehouse, provincial equity injection and OPG borrowing. It is expected that the Financing Entity will enter into approximately three bond issues per year in order to regularly pay down the warehouse.

Appendix

General Background

- Ontario Fair Hydro Plan Act ("**Act**") permits debt financings through one or more [special purpose] financing entities, to be managed by OPG
  - Proceeds of financings are used to acquire portions of the Fair Hydro regulatory asset ("**Investment Interests**") from IESO
  - Amounts owing will be serviced from "clean energy adjustments" ("**CEAs**") collected from "specified consumers"

- Hydro Trust [will be] established to facilitate the first financing transactions
  - Some combination of short-term "warehouse financings" and long-term notes will be issued
  - OPG, funded by the Province, will acquire subordinated debt issued by Hydro Trust
  - Proceeds raised before December 31st are expected to be $•M ($•M from external investors)
  - Future issuances will follow the same pattern (51% external/senior; 49% OPG/subordinated)

- Payment obligations will be owed to noteholders, lenders, credit enhancers, derivative counterparties, service providers, etc.
  - Payment obligations will be governed under a Trust Indenture
  - Hydro Trust payment obligations under the Trust Indenture are "Obligations Secured"

- Limited Guarantee from the Province of obligations payable by Hydro Trust when due
  - Province pays only upon a "Protection Event"
  - Limited Guarantee applies to almost all Obligations Secured
  - Certain "**Adherence Conditions**" to be satisfied before Limited Guarantee willy apply to material obligations

- Two relevant agreements:
  i. Change of Law Protection Agreement ("**Protection Agreement**")
  ii. Change of Law Process Agreement ("**Process Agreement**")

Technical Details – Limited Guarantee from the Province

- Triggered by a "**Protection Event**": Either:
  - There is a change of law (by the Legislature, LGIC, Ministers, government officials, government appointed boards, etc.) or implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or and entity controlled by the Province that materially and adversely affects either (1) the ability of Hydro Trust to receive CEA cash flows or (2) the Protection Agreement or any Obligation Secured
  - A court of competent jurisdiction determines that any part of the OFHPA or the related regulations are *ultra vires* or invalid in a way that materially and adversely affects the ability of Hydro Trust to receive CEA cash flows and that in fact results in a deficiency such that Hydro Trust cannot pay Obligations Secured when they become due

- **Not covered by the Limited Guarantee:**
  - Amounts required to be deposited into collateral or reserve accounts established under the Hydro Trust program to credit enhance or provide liquidity for ultimate payment of Obligations Secured
  - Certain residual payments to OPG under the "payment waterfall"

- **Term:** Until all applicable Obligations Secured are paid in full

Technical Details – Adherence Conditions

- Certain minimal conditions will apply before the Limited Guarantee will attach to applicable Obligations Secured:
  - Incurrence of indebtedness to fund ownership of an Investment Interest
  - Entry into ISDA master agreements
  - Entry into service contracts with term > 3 years and aggregate payments >$5M that are not terminable on giving 3 years notice or less

- Those conditions are:
  - Must be an Obligation Secured under the Trust Indenture
  - Delivery of officer's certificate by OPG to Indenture Trustee confirming compliance with internal processes as between OPG and the Province in connection the Limited Guarantee (under the Process Agreement)
  - Province has not delivered a "Suspension Notice"

Technical Details – Process between Province and OPG

- Process Agreement between Province and OPG
  - Sets out informational requirements and supporting affirmations regarding incurrence or amendment of Obligations Secured
  - Contemplates some (limited) rights of Province to comment on disclosure and terms of Obligations Secured
  - Provides for OPG executive officer affirmation regarding certain matters (in a "**Process Certificate**")

- Delivery of Process Certificate by OPG executive officers to the Province setting out:
  - Material terms of obligations (incurrence or amendment)
  - Confirmation that terms are "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that the offering document is "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that no breach of the Process Agreement has occurred
  - Confirmation that the maximum payment amounts due in the future under the obligation plus other outstanding amounts will not exceed the "**Protection Agreement Maximum**"
  - Confirmation that any disclosure referring to the Protection Agreement or Process Agreement was made available to the Province
  - Confirmation as to reasonableness, arm's length terms and conditions, and compliance with the Act and the Financing Plan

- Suspension Right
  - Uncured breach of Process Agreement or breach by any party of other program agreements allows Province to suspend Limited Guarantee for new obligations, other than for refinancings
  - Exercise of suspension right does not impact prior Hydro Trust obligations covered under the Limited Guarantee

Technical Details – Obligation of Province on Protection Event

- Make payments on Limited Guarantee
- Payments replicate stream of CEAs to pay amounts due and payable by Hydro Trust
- In event of an acceleration of any Obligation Secured, Province would pay acceleration amounts, capped at scheduled payment amounts (without acceleration) plus an additional amount up to the “fair allocation” in the aggregate
- Province will be subrogated to rights of the creditors of Hydro Trust to the extent of performance under the Limited Guarantee

Technical Details – Obligations of OPG

- Process Agreement obligates OPG, but without limiting protections under existing indemnity agreement
  - Province has indemnified OPG, its subsidiaries, and each of their respective directors, officers and employees from liability resulting from activities under the Act and activities of Hydro Trust pursuant to an Indemnity Agreement

- If there is any conflict between the Process Agreement, the Protection Agreement and the existing Indemnity Agreement in respect of any matter relating to the Province's indemnification obligations in favour of OPG, the Indemnity Agreement is paramount

From:	Tekle, Jonathan (MOF)
To:	Anna Strathy
Cc:	David McLean (MOF); Patrick Laughton (MOF); Gadi Mayman; Ronald Kwan; Ken Kandeepan; Mike Manning; Usman Zahid; Tobias P. Whitfield (MOF); Mark Donaldson (MOF); Tim Christie (ENERGY); Thouin, Alena (ENERGY); Hosick, Sarah (TBS); Malle Hanslep (MOF); Hilary Cox (ENE); Gadi Mayman
Subject:	RE: Materials | Joint Ministers Briefing | OFHP
Date:	Tuesday, November 28, 2017 5:24:27 PM

Thanks, Anna. We will share this with TBS and ENERGY.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 28, 2017 5:21 PM
To: Tekle, Jonathan (MOF)
Cc: McLean, David (MOF); Laughton, Patrick (TBS); Tekle, Jonathan (MOF); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Manning, Mike (OFA); Zahid, Usman (OFA); Whitfield, Tobias P. (MOF); Donaldson, Mark (TBS); Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Hosick, Sarah (TBS); Hanslep, Malle (MOF); Cox, Hilary (ENERGY); Mayman, Gadi (OFA)
Subject: Materials | Joint Ministers Briefing | OFHP

Hi Jonathan,

Please find attached, a proposed deck for use at the Joint Ministers briefing on the Protection Agreement, tomorrow at noon. Could you please share with the Energy and TBS DMOs?

I'm copying the rest of the group here that provided input, including OPCD and Energy. And my apologies to the group – our timelines did not allow for me to send this latest draft around for additional comments.

Thanks everyone,

Anna

<< File: 23254960-v7-Province Limited Guarantee - Briefing Deck.pptx >>

-----Original Appointment-----
From: Imbrogno, Serge (ENERGY) [mailto:Serge.Imbrogno@ontario.ca]
Sent: Monday, November 27, 2017 1:32 PM
To: Imbrogno, Serge (ENERGY); Martin Schlaepfer (MOF); Francesca Bungaro-Yemec (ENERGY); Steen Hume (CAB); Hilary Cox (ENE); HARTWICK Ken -FINANCE; 'LEE John -TREASURY'; 'jeffrey.lyash@opg.com'; catriona.king@opg.com; 'HOILETT Rosemarie -PRESIDENT'; Scott Thompson (CAB); Gadi Mayman; Anna Strathy; David McLean (MOF); Helen Angus (MOHLTC); Kyle MacIntyre (MOF)
Subject: Joint Ministers Briefing | OFHP
When: Wednesday, November 29, 2017 12:00 PM-1:00 PM (UTC-05:00) Eastern Time (US & Canada).

Where: Room 263, Main Legislative Building

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From:	Tekle, Jonathan (MOF)
To:	Gadi Mayman
Cc:	Patrick Laughton (MOF); Ronald Kwan; Ken Kandeepan; Mike Manning; Usman Zahid; Tobias P. Whitfield (MOF); Mark Donaldson (MOF); Tim Christie (ENERGY); Thouin, Alena (ENERGY); Hosick, Sarah (TBS); Malle Hanslep (MOF); Hilary Cox (ENE); Tom McKinlay (MAG); Anna Strathy; David McLean (MOF)
Subject:	RE: Materials | Joint Ministers Briefing | OFHP
Date:	Wednesday, November 29, 2017 11:47:18 AM

Thanks, Gadi. I'll suggest this prior to the start of the meeting. See you shortly.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 29, 2017 11:36 AM
To: Tekle, Jonathan (MOF)
Cc: Laughton, Patrick (TBS); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Manning, Mike (OFA); Zahid, Usman (OFA); Whitfield, Tobias P. (MOF); Donaldson, Mark (TBS); Christie, Tim (ENERGY); Thouin, Alena (ENERGY); Hosick, Sarah (TBS); Hanslep, Malle (MOF); Cox, Hilary (ENERGY); McKinlay, Tom (MAG); Strathy, Anna (OFA); McLean, David (MOF)
Subject: Re: Materials | Joint Ministers Briefing | OFHP

Having read OPG's deck, I wonder if the meeting would flow better if we went from Andrew's introduction to their deck, and then finish with the guarantee deck? That way Ministers could see how the financing of the OFHP will be done, and then, with that in their minds, we'd be able to take them through what they'll need to sign to allow the financing to take place and meet OPG's proposed timelines.

Gadi

On Nov 29, 2017, at 11:21 AM, Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca> wrote:

> Hi all,
>
> Attached is additional material for the joint Minister's briefing at noon. ENERGY will bring copies of this deck to the meeting.
>
> As far as stage management for the meeting:
>
> - Andrew will provide opening remarks
> - Overview of the Limited Guarantee from the Province
> - OPG Update on Financing Program
>
> Thanks,
> **Jonathan Tekle**
> Senior Policy Advisor, Deputy Minister's Office, Ministry of Finance
> Frost Building South, 7th Floor
> 7 Queen's Park Crescent
> Toronto, Ontario M7A 1Y7
>
> <OPG - COLPA Ministers Briefing - Nov 29 2017 v7.pptx>

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

From:	Hanslep, Malle (MOF)
To:	ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tom McKinlay (MAG); Thouin, Alena (ENERGY)
Cc:	Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Gadi Mayman; Ronald Kwan
Subject:	RE: Meeting conference call this morning at 10 a.m.
Date:	Thursday, September 14, 2017 9:01:43 AM

Hi copying in the lawyers who should be invited to the conference call. Thank you.

From: Hanslep, Malle (MOF)
Sent: September 14, 2017 8:37 AM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY)
Cc: Whitfield, Tobias P. (MOF)
Subject: Meeting conference call this morning at 10 a.m.

Hi all,

There is an important meeting this morning at 10 a.m. to discuss OPG's comments on the current version of the term sheet as they have conveyed that this version does not meet their accounting needs. We have been advised that this issue must be resolved this morning so you are all being asked to be on this call. (as well as any Energy clients that should be on the call).

So I hope that you can make it!

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: Gavin He
To: Ronald Kwan
Subject: RE: Next step on support agreement
Date: Thursday, September 14, 2017 9:18:26 AM

Hi Ron,

Should I forward the meeting invite to John, if you would like him to join?

Thanks,
Gavin He

From: Ronald Kwan
Sent: Thursday, September 14, 2017 8:21 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: Fwd: Next step on support agreement

Hi John,

Please note.

Gavin, would you reschedule my 10 am meeting.

Thanks,
Ron

Begin forwarded message:

> **From:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> **Date:** September 14, 2017 at 8:17:20 AM EDT
> **To:** Mike Manning <Mike.Manning@ofina.on.ca>
> **Cc:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, "Malle Hanslep (MOF)" <Malle.Hanslep@ontario.ca>, "Tobias P. Whitfield (MOF)" <Tobias.Whitfield@ontario.ca>, "Scott Nelms (ENERGY)" <Scott.Nelms@ontario.ca>, Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject: Re: Next step on support agreement**
>
> OPG is saying that the support agreement as written doesn't meet their accounting needs. This needs to be resolved this morning, and hopefully in a manner that doesn't affect what the Minister of Energy signed off yesterday, as he is now gone. Please arrange a meeting for this morning, ideally around 10 because it must end before 11 when I have to leave for a meeting that I can't miss.
>
> On Sep 14, 2017, at 7:18 AM, Gadi Mayman

<Gadi.Mayman@ofina.on.ca> wrote:

I believe the Minister of Energy signed the TB submission yesterday, so, unless I'm missing something about how the TB process works, the time for discussion is over and I'm not sure what the purpose of their working session would be.

> On Sep 14, 2017, at 7:04 AM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:
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>
> Sent from my iPad

From:	Anna Strathy
To:	Gadi Mayman; Mike Manning
Cc:	Malle Hanslep (MOF); Ronald Kwan; Ken Kandeepan; Tobias P. Whitfield (MOF); Scott Nelms (ENERGY)
Subject:	RE: Next step on support agreement
Date:	Thursday, September 14, 2017 9:08:07 AM

I'll do that.

-----Original Message-----
From: Gadi Mayman
Sent: Thursday, September 14, 2017 8:43 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Re: Next step on support agreement

John is at this meeting as well, which is why he wouldn't have called you back. I just checked with Mark and John and they will both make themselves and whomever else they need for 10 o'clock. Can someone please set up a conference call number?

> On Sep 14, 2017, at 8:24 AM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:
>
> Assuming we can meet this morning, I think OPCD participation would be critical. I have a call into John Lee and waiting for his callback.
> Mike
>
> -----Original Message-----
> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> Sent: Thursday, September 14, 2017 8:21 AM
> To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
> Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
> Subject: RE: Next step on support agreement
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> From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
> Sent: September 14, 2017 8:17 AM
> To: Manning, Mike (OFA)
> Cc: Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Nelms, Scott (MOF); Strathy, Anna (OFA)
> Subject: Re: Next step on support agreement
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>

From:	Ken Kandeepan
To:	Gadi Mayman
Cc:	Mike Manning; Malle Hanslep (MOF); Ronald Kwan; Tobias P. Whitfield (MOF); Scott Nelms (ENERGY); Anna Strathy
Subject:	RE: Next step on support agreement
Date:	Thursday, September 14, 2017 8:34:49 AM

Thanks Mark just emailed me that he will make himself available this morning but as you point out better if the timing is before your 11 AM meeting.

-----Original Message-----
From: Gadi Mayman
Sent: Thursday, September 14, 2017 8:33 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Re: Next step on support agreement

Mark is at the same meeting that I am, so I copied him on the last email. He's well aware of his Deputy's expressed concern.

> On Sep 14, 2017, at 8:27 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
>
> I will call them right now, note that Cindy is still on vacation, hopefully Mark Donaldson is available.
>
> Thanks
>
>
>
> -----Original Message-----
> From: Mike Manning
> Sent: Thursday, September 14, 2017 8:25 AM
> To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
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> Subject: Re: Next step on support agreement
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>

From:	John Kim
To:	Gavin He; Ronald Kwan
Subject:	RE: Next step on support agreement
Date:	Thursday, September 14, 2017 8:31:57 AM

Never mind Ron….Gavin reminded me.

John

From: John Kim
Sent: Thursday, September 14, 2017 8:30 AM
To: Gavin He <Gavin.He@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Next step on support agreement

Hi Ron,

Could you forward me the latest term sheet? Just want to make sure I have it.

John

From: Gavin He
Sent: Thursday, September 14, 2017 8:22 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Next step on support agreement

Hi Ron,

Sure, will do.

Regards,
Gavin He

From: Ronald Kwan
Sent: Thursday, September 14, 2017 8:21 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: Fwd: Next step on support agreement

Hi John,

Please note.

Gavin, would you reschedule my 10 am meeting.

Thanks,
Ron

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Date: September 14, 2017 at 8:17:20 AM EDT
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, "Malle Hanslep (MOF)" <Malle.Hanslep@ontario.ca>, "Tobias P. Whitfield (MOF)" <Tobias.Whitfield@ontario.ca>, "Scott Nelms (ENERGY)" <Scott.Nelms@ontario.ca>, Anna Strathy <Anna.Strathy@ofina.on.ca>
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> >
> > Sent from my iPad

From:	John Kim
To:	Gavin He; Ronald Kwan
Subject:	RE: Next step on support agreement
Date:	Thursday, September 14, 2017 8:30:09 AM

Hi Ron,

Could you forward me the latest term sheet? Just want to make sure I have it.

John

From: Gavin He
Sent: Thursday, September 14, 2017 8:22 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Next step on support agreement

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<Ken.Kandeepan@ofina.on.ca>, "Malle Hanslep (MOF)"
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Cc: Ronald Kwan; Tobias P. Whitfield (MOF); Scott Nelms (ENERGY); Anna Strathy
Subject: RE: Next step on support agreement
Date: Thursday, September 14, 2017 8:27:07 AM

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From:	Mike Manning
To:	Malle Hanslep (MOF); Gadi Mayman
Cc:	Ronald Kwan; Ken Kandeepan; Tobias P. Whitfield (MOF); Scott Nelms (ENERGY); Anna Strathy
Subject:	RE: Next step on support agreement
Date:	Thursday, September 14, 2017 8:24:51 AM

Assuming we can meet this morning, I think OPCD participation would be critical. I have a call into John Lee and waiting for his callback.
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I believe the Minister of Energy signed the TB submission yesterday, so, unless I'm missing something about how the TB process works, the time for discussion is over and I'm not sure what the purpose of their working session would be.

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>
> Sent from my iPad

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman; Mike Manning
Cc:	Ronald Kwan; Ken Kandeepan; Tobias P. Whitfield (MOF); Scott Nelms (ENERGY); Anna Strathy
Subject:	RE: Next step on support agreement
Date:	Thursday, September 14, 2017 8:20:42 AM

Thanks. It would be helpful to know what specifically about the content of the term sheet does not meet their accounting needs. Should OPCD reps also be attending?

-----Original Message-----
From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: September 14, 2017 8:17 AM
To: Manning, Mike (OFA)
Cc: Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Nelms, Scott (MOF); Strathy, Anna (OFA)
Subject: Re: Next step on support agreement

OPG is saying that the support agreement as written doesn't meet their accounting needs. This needs to be resolved this morning, and hopefully in a manner that doesn't affect what the Minister of Energy signed off yesterday, as he is now gone. Please arrange a meeting for this morning, ideally around 10 because it must end before 11 when I have to leave for a meeting that I can't miss.

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From: Ronald Kwan
To: Gavin He
Subject: RE: Next step on support agreement
Date: Thursday, September 14, 2017 9:24:35 AM

Hi Gavin,

Yes please.

Ron

From: Gavin He
Sent: September-14-17 09:18
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Next step on support agreement

Hi Ron,

Should I forward the meeting invite to John, if you would like him to join?

Thanks,
Gavin He

From: Ronald Kwan
Sent: Thursday, September 14, 2017 8:21 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: Fwd: Next step on support agreement

Hi John,

Please note.

Gavin, would you reschedule my 10 am meeting.

Thanks,
Ron

Begin forwarded message:

> **From:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> **Date:** September 14, 2017 at 8:17:20 AM EDT
> **To:** Mike Manning <Mike.Manning@ofina.on.ca>
> **Cc:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, "Malle Hanslep (MOF)"

<Malle.Hanslep@ontario.ca>, "Tobias P. Whitfield (MOF)" <Tobias.Whitfield@ontario.ca>, "Scott Nelms (ENERGY)" <Scott.Nelms@ontario.ca>, Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Re: Next step on support agreement

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> >
> > Sent from my iPad

From: Ronald Kwan
To: Ken Kandeepan
Subject: RE: OFHP
Date: Monday, December 11, 2017 6:52:14 PM

Hi Ken,

Glad to hear that it is nearing completion, and sad to hear that the meeting is on-going. How about the process agreement?

Ron

From: Ken Kandeepan
Sent: December-11-17 18:51
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: Re: OFHP

Yes but fingers crossed we appear to be close to completing the Protection Agreement

On Dec 11, 2017, at 6:27 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi,
>
> Is the meeting on-going?
>
> Ron
>
> ---
>
> **From:** Ken Kandeepan
> **Sent:** December-11-17 15:53
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** Re: OFHP
>
> Quite late into the night, I expect
>
> On Dec 11, 2017, at 3:34 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
>
> > Hi Ken,
> >
> > Sure. I will try to get there a little later. How long do you expect it to last?
> >
> > Ron
> >
> > ---
> >
> > **From:** Ken Kandeepan
> > **Sent:** December-11-17 15:34
> > **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> > **Subject:** OFHP

Ron

My apologies, we left without telling you, we are at the Torys' boardroom on the 33 rd floor if you want to join us

Ken k

From: Ronald Kwan
To: Ken Kandeepan
Subject: RE: OFHP
Date: Monday, December 11, 2017 6:27:25 PM

Hi,

Is the meeting on-going?

Ron

From: Ken Kandeepan
Sent: December-11-17 15:53
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: Re: OFHP

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> **Subject:** OFHP
>
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>
> Ken k

From: Ronald Kwan
To: Ken Kandeepan
Subject: RE: OFHP
Date: Monday, December 11, 2017 3:34:23 PM

Hi Ken,

Sure. I will try to get there a little later. How long do you expect it to last?

Ron

From: Ken Kandeepan
Sent: December-11-17 15:34
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: OFHP

Ron

My apologies, we left without telling you, we are at the Torys' boardroom on the 33 rd floor if you want to join us

Ken k

From: Ronald Kwan
To: Ken Kandeepan
Subject: RE: OFHP
Date: Monday, December 11, 2017 7:17:26 PM

Good luck.

Ron

From: Ken Kandeepan
Sent: December-11-17 19:00
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: Re: OFHP

That's next but I suspect it will be less complicated

On Dec 11, 2017, at 6:52 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

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From: Hanslep, Malle (MOF)
To: ASHBOURNE, STEPHEN; Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Subject: RE: Passcode is 5801207#
Date: Tuesday, November 21, 2017 5:08:22 PM

Hi all,

Steve is going to circulate the mark up to the meeting attendees and suggest a start time of 5:45.

Does that work?

Malle

-----Original Message-----
From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 21, 2017 4:57 PM
To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Subject: RE: Passcode is 5801207#

Just off a call with Peter Milligan. I think there are answers to the concerns, as he expressed them to me. Basically, he's focused on the "refinancing" scenario, and I walked him through our intention on the point. On "adherence conditions", he's focused on a minimum $ amount being issued to avoid small issuances that fall through the "adherence" cracks. I said I think the documentation process will not be that fluid and that the documents are very disciplined, so that even small incurrences will involve a process - but that we would here the point out with the group when we meet. Let's delay the Torys meeting, or do it by phone. I think it would be most productive if we could get our mark-up done before, which will take another 30 minutes or so. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Message-----
From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: Tuesday, November 21, 2017 4:36 PM
To: ASHBOURNE, STEPHEN; Malle Hanslep (MOF); Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Subject: Re: Passcode is 5801207#

That's fine with me, but the only constraint is that I have a very hard deadline of 8 pm that I have to leave by, so hopefully let's not delay this for too long. At worst, maybe you and Peter could have a side meeting at Tory's office before the bigger group convenes.

_____
From: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
Sent: Tuesday, November 21, 2017 4:33:48 PM
To: Malle Hanslep (MOF); Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Cc: Ken Kandeepan
Subject: RE: Passcode is 5801207#

I left Peter Milligan a voicemail on the subject and asked him to call back. I suggest postponing the 5 meeting until we are ready and understand the issues. Let's give Peter 10 minutes to call back before moving on?

Stephen R. Ashbourne
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_____

[cid:imagef99212.GIF@6ddfd300.4fb8bf2e]

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 4:04 PM
To: Mayman, Gadi (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Kandeepan, Ken (OFA)
Subject: Passcode is 5801207#

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: ASHBOURNE, STEPHEN
To: Gadi Mayman; Malle Hanslep (MOF); Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Subject: RE: Passcode is 5801207#
Date: Tuesday, November 21, 2017 4:57:31 PM

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[cid:imagef99212.GIF@6ddfd300.4fb8bf2e]

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From:	ASHBOURNE, STEPHEN
To:	Malle Hanslep (MOF); Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Cc:	Ken Kandeepan
Subject:	RE: Passcode is 5801207#
Date:	Tuesday, November 21, 2017 4:34:01 PM

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———————————

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To: Gadi Mayman; Malle Hanslep (MOF); Anna Strathy
Cc: Mike Manning; Ronald Kwan
Subject: RE: Passcode is 5801207#
Date: Tuesday, November 21, 2017 5:13:35 PM

I have

Thanks

Ken k

From: Gadi Mayman
Sent: Tuesday, November 21, 2017 5:13 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: Re: Passcode is 5801207#

Malle or Anna, has someone let the people from Energy that are calling into the meeting that it's delayed to 5:45?

On Nov 21, 2017, at 5:08 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi all,
>
> Steve is going to circulate the mark up to the meeting attendees and suggest a start time of 5:45.
>
> Does that work?
>
> Malle
>
> -----Original Message-----
> From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
> Sent: November 21, 2017 4:57 PM
> To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
> Subject: RE: Passcode is 5801207#
>
> Just off a call with Peter Milligan. I think there are answers to the concerns, as he expressed them to me. Basically, he's focused on the "refinancing" scenario, and I walked him through our intention on the point. On "adherence conditions", he's focused on a minimum $ amount being issued to avoid small issuances that fall through the "adherence" cracks. I said I think the documentation process will not be that fluid and that the documents are very disciplined, so that even small incurrences will involve a process - but that we would here the point out with the group when we meet. Let's delay the Torys meeting, or do it by phone. I think it would be most productive if we could get our mark-up done before, which will take another 30 minutes or so. Steve
>
> Stephen R. Ashbourne
> Partner
> stephen.ashbourne@blakes.com
> Dir: 416-863-3086
>
> -----Original Message-----
> From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
> Sent: Tuesday, November 21, 2017 4:36 PM
> To: ASHBOURNE, STEPHEN; Malle Hanslep (MOF); Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
> Subject: Re: Passcode is 5801207#
>
> That's fine with me, but the only constraint is that I have a very hard deadline of 8 pm that I have to leave by, so hopefully let's not delay this for too long. At worst, maybe you and Peter could have a side meeting at Tory's office before the bigger group convenes.
>
> _____
> From: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
> Sent: Tuesday, November 21, 2017 4:33:48 PM
> To: Malle Hanslep (MOF); Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
> Cc: Ken Kandeepan
> Subject: RE: Passcode is 5801207#
>
> I left Peter Milligan a voicemail on the subject and asked him to call back. I suggest postponing the 5 meeting until we are ready and understand the issues. Let's give Peter 10 minutes to call back before moving on?
>
> Stephen R. Ashbourne
> Partner
> stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
> Dir: 416-863-3086
>
> _____
>
> [cid:imagef99212.GIF@6ddfd300.4fb8bf2e]
>
> Blake, Cassels & Graydon LLP
> 199 Bay Street, Suite 4000, Toronto ON M5L 1A9
> Tel: 416-863-2400 Fax: 416-863-2653
> blakes.com[blakes.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=d9iLCwFtwc2URFBUL8plQiPuPWMXl2E6lG7v1YH7c-A&s=Hmm_SaiysRQX-1l8qfExvGF7WawCmtQ4zuWFBS6auTE&e=> | Twitter[twitter.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw_&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=d9iLCwFtwc2URFBUL8plQiPuPWMXl2E6lG7v1YH7c-A&s=1wOBz__fZA7fLxh58_K2hLybmoht_Qv-f3S7Z8emrUI&e=> | Unsubscribe[blakes.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=d9iLCwFtwc2URFBUL8plQiPuPWMXl2E6lG7v1YH7c-A&s=5ihuQQyd6Q5iHnr1t0ISxGwF7faJwRSMxtF72bBKaCs&e=>

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L'information paraissant dans ce message ?lectronique est CONFIDENTIELLE. Si ce message vous est parvenu par erreur, veuillez imm?diatement m'en aviser par t?l?phone ou par courriel et en d?truire toute copie. Merci.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 4:04 PM
To: Mayman, Gadi (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Kandeepan, Ken (OFA)
Subject: Passcode is 5801207#

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From:	Anna Strathy
To:	ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com)
Cc:	Ken Kandeepan; Ronald Kwan; Mike Manning; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject:	RE: Possible DM Briefing on Monday
Date:	Monday, November 20, 2017 10:47:27 AM

Stephen, are you able to join us, in person or by phone?

Anna

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Monday, November 20, 2017 10:20 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
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Subject: RE: Possible DM Briefing on Monday

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Malle

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Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
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Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

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including any attachments, without reading them, and destroy all copies. Thank you.

From:	Mike Manning
To:	Anna Strathy; Malle Hanslep (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF)
Cc:	Ken Kandeepan; Ronald Kwan; Gadi Mayman
Subject:	RE: Possible DM Briefing on Monday
Date:	Monday, November 20, 2017 10:27:23 AM

Hi Anna:
I talked to John Lee this morning. OPG had their meeting as planned. OPG indicated that all principles had been properly reflected in the agreements. They indicated that there were still drafting issues to be resolved. They are shooting for Board approval on Wednesday and thus will have to scramble to get things resolved by Tuesday.

Regards, Mike

From: Anna Strathy
Sent: Monday, November 20, 2017 9:44 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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Subject: RE: Possible DM Briefing on Monday

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Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: RE: Possible DM Briefing on Monday

Yes, we are waiting for the invite to be sent by the DMO. Likely to be arranged for 12pm today.

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Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: Possible DM Briefing on Monday

Stephen, Malle, Toby,

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From:	Ken Kandeepan
To:	Anna Strathy
Cc:	Ronald Kwan; Mike Manning; Malle Hanslep (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF)
Subject:	RE: Possible DM Briefing on Monday
Date:	Monday, November 20, 2017 10:23:58 AM

Hi Anna

Mike and I will call in together

Thanks

Ken k

From: Anna Strathy
Sent: Monday, November 20, 2017 10:21 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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Subject: RE: Possible DM Briefing on Monday

Thank you. I'll be there in person as well.

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Cc:	Ken Kandeepan; Ronald Kwan; Mike Manning
Subject:	RE: Possible DM Briefing on Monday
Date:	Monday, November 20, 2017 10:21:15 AM

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Cc:	Ken Kandeepan; Ronald Kwan; Mike Manning
Subject:	RE: Possible DM Briefing on Monday
Date:	Monday, November 20, 2017 10:20:16 AM

Hi – I accepted the meeting for noon and will be attending in person.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 20, 2017 9:44 AM
To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: RE: Possible DM Briefing on Monday

Hi Malle, I'm not aware if that's been arranged. Perhaps Mike or Ken could weigh in – did John Lee indicate that he would provide an update?

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Monday, November 20, 2017 9:43 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Possible DM Briefing on Monday

Thanks Anna. Is it expected that we will receive feedback from OPG after their committee meeting?

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 20, 2017 9:31 AM
To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: RE: Possible DM Briefing on Monday

Yes, we are waiting for the invite to be sent by the DMO. Likely to be arranged for 12pm today.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Monday, November 20, 2017 9:30 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Possible DM Briefing on Monday

Hi Anna,

Do you think the proposed meeting will be taking place today?

Malle

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 17, 2017 4:13 PM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: Possible DM Briefing on Monday

Stephen, Malle, Toby,

Just a head's up, our DMO will likely be organizing another meeting with the three Deputies (Finance, TBS, Energy), on Monday, November 20, likely sometime between 11am and 12:30pm and likely somewhere in Macdonald Block (900 Bay Street). The purpose of Monday's meeting will be to bring everyone up to speed on the outstanding issues on the Protection/Process Agreements. I expect an invite to follow, but you may want to hold that time in your calendars for now.

Thank you,

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

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From:	Anna Strathy
To:	Malle Hanslep (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF)
Cc:	Ken Kandeepan; Ronald Kwan; Mike Manning
Subject:	RE: Possible DM Briefing on Monday
Date:	Monday, November 20, 2017 9:44:08 AM

Hi Malle, I'm not aware if that's been arranged. Perhaps Mike or Ken could weigh in – did John Lee indicate that he would provide an update?

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Monday, November 20, 2017 9:43 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Possible DM Briefing on Monday

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Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
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Sent: November 17, 2017 4:13 PM

To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
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Thank you,

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416.325.8032 | anna.strathy@ofina.on.ca

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From:	Hanslep, Malle (MOF)
To:	Anna Strathy; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF)
Cc:	Ken Kandeepan; Ronald Kwan; Mike Manning
Subject:	RE: Possible DM Briefing on Monday
Date:	Monday, November 20, 2017 9:43:15 AM

Thanks Anna. Is it expected that we will receive feedback from OPG after their committee meeting?

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 20, 2017 9:31 AM
To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: RE: Possible DM Briefing on Monday

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Monday, November 20, 2017 9:30 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
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Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
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Thank you,

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From:	Anna Strathy
To:	Malle Hanslep (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF)
Cc:	Ken Kandeepan; Ronald Kwan; Mike Manning
Subject:	RE: Possible DM Briefing on Monday
Date:	Monday, November 20, 2017 9:30:45 AM

Yes, we are waiting for the invite to be sent by the DMO. Likely to be arranged for 12pm today.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Monday, November 20, 2017 9:30 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Possible DM Briefing on Monday

Hi Anna,

Do you think the proposed meeting will be taking place today?

Malle

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Sent: November 17, 2017 4:13 PM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: Possible DM Briefing on Monday

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From:	Hanslep, Malle (MOF)
To:	Anna Strathy; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF)
Cc:	Ken Kandeepan; Ronald Kwan; Mike Manning
Subject:	RE: Possible DM Briefing on Monday
Date:	Monday, November 20, 2017 9:30:17 AM

Hi Anna,

Do you think the proposed meeting will be taking place today?

Malle

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 17, 2017 4:13 PM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: Possible DM Briefing on Monday

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From: Anna Strathy
To: Ronald Kwan
Subject: RE: Possible DM Briefing on Monday
Date: Monday, November 20, 2017 11:16:51 AM

Just sent you the invite. Serge's office.

From: Ronald Kwan
Sent: Monday, November 20, 2017 11:16 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Re: Possible DM Briefing on Monday

Hi Anna,

Where is the meeting?

Thanks,
Ron

On Nov 20, 2017, at 10:21 AM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:

> Thank you. I'll be there in person as well.
>
> Please let me know if anyone plans to call in so that I can let the room know who is on the phone.
>
> ---
>
> **From:** Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> **Sent:** Monday, November 20, 2017 10:20 AM
> **To:** Anna Strathy <Anna.Strathy@ofina.on.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
> **Subject:** RE: Possible DM Briefing on Monday
>
> Hi – I accepted the meeting for noon and will be attending in person.
>
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>
> **From:** Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
> **Sent:** November 20, 2017 9:44 AM
> **To:** Hanslep, Malle (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Whitfield, Tobias P. (MOF)
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Thank you,

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From:	Anna Strathy
To:	Mike Manning; Gadi Mayman; Ken Kandeepan; Ronald Kwan
Subject:	RE: Protection Agreement revised drafts comments/questions
Date:	Thursday, November 30, 2017 12:23:17 PM

Thank you both. I'll try to set something up for the morning.

From: Mike Manning
Sent: Thursday, November 30, 2017 12:12 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Protection Agreement revised drafts comments/questions

Flexible either way.
Mike

From: Anna Strathy
Sent: Thursday, November 30, 2017 12:04 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Protection Agreement revised drafts comments/questions

I'm happy to set up a meeting for tomorrow with a dial-in option. I know Ken is out of the office tomorrow- but Ron, Mike, any preference for morning or afternoon?

Anna

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Thursday, November 30, 2017 11:54 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; JACKSON, ADAM <ADAM.JACKSON@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; VINER, JON (JON.VINER@blakes.com) <JON.VINER@blakes.com>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: Protection Agreement revised drafts comments/questions

Please find attached a documents setting out MOF Legal's summary and questions from our review of the revised drafts of the Protection Agreement and Process Agreement.

We have reviewed Torys' Nov. 24 markup and also Blakes' Nov 28 markup and based the questions and comments on those drafts. The numbering of the sections is from the Blakes Nov 28 markup. I

have attached our comments, as well as the relevant blacklines to this email.

Please review these comments, including the questions and decision points.

Perhaps we should have a meeting tomorrow with this group (including the appropriate Energy clients) to discuss this draft. Can the OFA can set up the meeting/call?

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From:	Mike Manning
To:	Anna Strathy; Gadi Mayman; Ken Kandeepan; Ronald Kwan
Subject:	RE: Protection Agreement revised drafts comments/questions
Date:	Thursday, November 30, 2017 12:12:23 PM

Flexible either way.
Mike

From: Anna Strathy
Sent: Thursday, November 30, 2017 12:04 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Protection Agreement revised drafts comments/questions

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Sent: Thursday, November 30, 2017 11:54 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; JACKSON, ADAM <ADAM.JACKSON@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; VINER, JON (JON.VINER@blakes.com) <JON.VINER@blakes.com>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: Protection Agreement revised drafts comments/questions

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Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ronald Kwan
To: Anna Strathy
Cc: Gadi Mayman; Mike Manning; Ken Kandeepan
Subject: RE: Protection Agreement revised drafts comments/questions
Date: Thursday, November 30, 2017 12:10:00 PM

Hi Anna,

I have to work from home tomorrow morning and could call in from there. The afternoon could be more challenging, as I have another call for at least part of the afternoon (timing TBC).

Ron

From: Anna Strathy
Sent: November-30-17 12:04
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Protection Agreement revised drafts comments/questions

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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Thursday, November 30, 2017 11:54 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; JACKSON, ADAM <ADAM.JACKSON@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; VINER, JON (JON.VINER@blakes.com) <JON.VINER@blakes.com>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: Protection Agreement revised drafts comments/questions

Please find attached a documents setting out MOF Legal's summary and questions from our review of the revised drafts of the Protection Agreement and Process Agreement.

We have reviewed Torys' Nov. 24 markup and also Blakes' Nov 28 markup and based the questions and comments on those drafts. The numbering of the sections is from the Blakes Nov 28 markup. I have attached our comments, as well as the relevant blacklines to this email.

Please review these comments, including the questions and decision points.

Perhaps we should have a meeting tomorrow with this group (including the appropriate Energy

clients) to discuss this draft. Can the OFA can set up the meeting/call?

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From:	Gadi Mayman
To:	Anna Strathy; Mike Manning; Ken Kandeepan; Ronald Kwan
Subject:	RE: Protection Agreement revised drafts comments/questions
Date:	Thursday, November 30, 2017 12:05:11 PM

Given that Ken isn't here tomorrow, we'll definitely need someone from OPCD on the call, not just the Energy representatives.

Thanks,
Gadi

From: Anna Strathy
Sent: Thursday, November 30, 2017 12:04 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Protection Agreement revised drafts comments/questions

I'm happy to set up a meeting for tomorrow with a dial-in option. I know Ken is out of the office tomorrow- but Ron, Mike, any preference for morning or afternoon?

Anna

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tobias.whitfield@ontario.ca
Phone: 416-325-1456

From:	Anna Strathy
To:	Gadi Mayman; Mike Manning; Ken Kandeepan; Ronald Kwan
Subject:	RE: Protection Agreement revised drafts comments/questions
Date:	Thursday, November 30, 2017 12:03:52 PM

I'm happy to set up a meeting for tomorrow with a dial-in option. I know Ken is out of the office tomorrow- but Ron, Mike, any preference for morning or afternoon?

Anna

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tobias.whitfield@ontario.ca
Phone: 416-325-1456

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To:	Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Ronald Kwan; Mike Manning; John Kim; Thouin, Alena (ENERGY); Tom McKinlay (MAG); ASHBOURNE, STEPHEN; JACKSON, ADAM; PRESTAGE, JA; VINER, JON (JON.VINER@blakes.com)
Cc:	Malle Hanslep (MOF)
Subject:	RE: Protection Agreement revised drafts comments/questions
Date:	Thursday, November 30, 2017 12:24:14 PM

Hi Toby,

Happy to set up a meeting with a teleconference option. Will include Energy and OPCD in the invite.

Anna

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Thursday, November 30, 2017 11:54 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; JACKSON, ADAM <ADAM.JACKSON@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; VINER, JON (JON.VINER@blakes.com) <JON.VINER@blakes.com>
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tobias.whitfield@ontario.ca
Phone: 416-325-1456

From:	Ronald Kwan
To:	Anna Strathy; Ken Kandeepan; Mike Manning
Cc:	Gavin He
Subject:	RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC
Date:	Friday, September 22, 2017 3:44:09 PM

Thanks Anna.

Ron

From: Anna Strathy
Sent: September-22-17 15:40
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC

Hi Ron, I've passed these comments on to the TB analyst, but my sense is that the window may have closed for changes.

Attached is the TB/MBC agenda for Monday's meeting, which confirms the Protection Agreement item is scheduled for 3:20 - 3:30.

Thanks, Anna

From: Ronald Kwan
Sent: Friday, September 22, 2017 2:32 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC

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Also, on page 2, why isn't the Ministry of Energy also listed as one of the entities listed as recommending the limited list of activation events?

Ron

From: Anna Strathy
Sent: September-21-17 2:16 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>;

Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC

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The latest draft of the TB Assessment note is attached. I don't expect this to change again between now and the meeting on Monday.

The TB/MBC meeting is scheduled to run from 3-6pm on Monday, September 25, 2017. While the official agenda isn't out as yet, unofficially the item is scheduled for 3:20pm. It's in the TB/MBC Boardroom first floor Frost South.

I would recommend planning to arrive just before 3:00pm. I will let you know as soon as I receive the final agenda.

Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Thursday, September 21, 2017 2:13 PM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>
Subject: RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC

Hi, attached is a revised note that includes feedback from OPCD and an additional minute following Chair's pre-brief to have a report back with the final accounting/legal/financial risk opinions.

Thanks in advance,

James Strang
416-327-2071

From:	Ken Kandeepan
To:	Anna Strathy; Ronald Kwan; Mike Manning
Cc:	Gavin He
Subject:	RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC
Date:	Friday, September 22, 2017 3:43:57 PM

Thanks Anna, I notice our item is “in camera” does that mean we just wait outside and be called only if there are questions

Thanks

Ken k

From: Anna Strathy
Sent: Friday, September 22, 2017 3:40 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
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Subject: RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC

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Thanks in advance,

James Strang
416-327-2071

From: Ronald Kwan
To: Anna Strathy; Ken Kandeepan; Mike Manning
Cc: Gavin He
Subject: RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC
Date: Friday, September 22, 2017 7:30:23 AM

Hi Anna, Ken,

From Ken's Wednesday morning email, I thought that the interest rate range on the risk exposure on p.3 was going to be 0.8 to 1.0. Was there further direction to leave the top end higher?

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Sent: September-21-17 2:16 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC

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416-327-2071

From:	John Kim
To:	Ronald Kwan
Subject:	RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC
Date:	Thursday, September 21, 2017 3:35:14 PM
Attachments:	4 RAN MOF ENERGY -Provincial Protection Agreement v6_Markup.doc

Hi Ron,

Pls. see attached with my comments.

Thanks,

John

From: Ronald Kwan
Sent: Thursday, September 21, 2017 2:44 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Fwd: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC

Hi John,

Comments?

Ron

Begin forwarded message:

> **From:** "Strang, James (TBS)" <James.Strang@ontario.ca>
> **Date:** September 21, 2017 at 2:12:57 PM EDT
> **To:** "Reiss, Anthony (MOF)" <Anthony.Reiss@ontario.ca>, "Gounden, Pratima (ENERGY)" <Pratima.Gounden@ontario.ca>
> **Cc:** "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, "Hosick, Sarah (TBS)" <Sarah.Hosick@ontario.ca>, "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Malekzadeh, Afshin (TBS)" <Afshin.Malekzadeh@ontario.ca>, "Skubel, Chris (TBS)" <Chris.Skubel@ontario.ca>, "Komal, Indira (TBS)" <Indira.Komal@ontario.ca>, "Wichenko, Lenna (TBS)" <Lenna.Wichenko@ontario.ca>
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416-327-2071

Ontario	TREASURY BOARD / MANAGEMENT BOARD OF CABINET REQUEST ASSESSMENT NOTE	
	Ministry:	Energy & Finance
	Meeting Date:	September 25, 2017
	Agenda Class:	Discussion (In-Camera)
	Last reviewed by: ENERGY TB/MBC May 9, 2017	**Tracking to:** Fast Track Cabinet (September 27, 2017)

SUBMISSION TITLE:	Provincial Protection Agreement (Supports Ontario's Fair Hydro Plan implementation)

I. DECISION BEFORE THE BOARD

Approve the Ministries' plan for implementing provisions within the *Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc.

Commented [JK1]: Acquired by FEs? Or issued by? Here and below

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II. RECOMMENDATIONS

Approve the plan for implementing provisions of the *Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc. (OPG).	*Approve*
Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Fair Hydro Plan Act, 2017(FHPA).* – In respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two Ministers acting together may determine	*Authorize*
Recommend that Cabinet approve an Order in Council (OIC), in accordance with section 5 of the *Fair Hydro Plan Act, 2017 (FHPA)* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province, – To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and – To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.	*Recommend*

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III. FINANCIAL SUMMARY

$ Millions	**2017-18**	**2018-19**	**2019-20**
Initiative cost requested	0.0	0.0	0.0
Initiative cost recommended	0.0	0.0	0.0
Recommended program base	0.0	0.0	0.0
Offset Recommended	0.0	0.0	0.0

Total Fiscal Impact	0.0	0.0	0.0

IV. KEY COMMENTS AND CONSIDERATIONS

Under the *Fair Hydro Plan Act, 2017*, (FHPA), which enables Global Adjustments (GA) Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected from consumers.

- IESO will incur a cash shortfall, as the amounts collected from the consumers of electricity (collected by local distribution companies) will be reduced, but the amounts paid to the generators of electricity will remain at the market and/or contractual rates.

The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset".

The OFHPA provides for IESO to sell all or a portion of the Regulatory Asset (i.e., to sell the right to recover those deferred amounts from specified consumers in the future). Under the FHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the FHPA) will have the right, but not the obligation to purchase the regulatory asset, effectively financing the shortfall generated by the reduction in amounts collected from eligible ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity will borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly the Province) from the capital markets.

OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances related to such risk, the Province would pay the funding obligations of the Financing Entity.

- Providing this through Provincial assurance and guarantee provisions was recommended in a May 2017 TB/MBC item reviewing proposed FHPA.

What would trigger the protection agreement?

Ontario Financing Authority (OFA), the Ministry of Finance and external advisors recommend limiting activation of the protection agreement to the following circumstances (Appendix C provides the non-binding indicative term sheet):

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the FHPA/related regulations or new legislation that materially and adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid; and
- A change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province that materially and adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investment interest so that it can pay its funding obligations.

Financial:

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the contingent liability would increase over the duration of Ontario's Fair Hydro Plan (OFHP) and peak at approximately $20B of debt (final cost forecasts TBC), including principal and accumulated interest.

- In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments related to derivatives agreements and for service providers that the Province will be required to make. The fiscal impact of the increased interest payments will depend on the circumstances of the change (e.g. will the amounts continue to be recovered from the ratepayers through the clean energy adjustment as provided for under the FHPA).

Financial (Risk) – In the event the protection agreement is triggered:

The Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements (e.g. the Financing Entity might enter into interest rate swap agreements to hedge the interest rate payable on its issued debt) and to service providers.

- The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in advance~~,~~ and setting a maximum amount of debt that may be issued within a period.

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This would likely have implications for the Province's fiscal plan and appropriation requirements.

- The Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time, and the Province may incur an expense equal to the amount of the debt.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. The worst case scenario would be the Province assuming the debt at its peak at which point interest on debt (IOD) expense could increase between $0.8B and $1.3B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.
- In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

Commented [JK2]: Understood OFA wished to update this?

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged. In addition, the Province would have the option to directly replace the OPG Financing Entity with respect to its outstanding rights, obligations and liabilities, but if the Province decided to do so additional authority would be required and may require a change in legislation.

The Ministries indicate that if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (IOD expense) will depend on whether or not some portions of the OFHPA continue in some form, or not.

- For example, if the payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments, albeit not necessarily in the same fiscal period; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense as well as any continued impact of reduced electricity rates would impact the Government's fiscal plan and likely takes away fiscal

resources that can be otherwise used.
- Debt incurred to benefit the ratepayer could become the responsibility of the taxpayer.

TBS staff note the protection agreement, assuming the Board proceeds with the request, would be approved prior to the commercial agreements being finalized. Also from an accounting perspective, previously provided opinions/memos from KPMG re: IESO and EY re: OPG have yet to be updated.

Implementation
The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the two Ministers seeking the OIC in the form attached to the final TB/MBC Submission.

The Minister of Finance will also be requested to approve under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

MOF Legal indicates the intention is that the protection agreement signed by the two Ministers would apply to all subsequent agreements entered into by the Financing Entity subject to compliance with the terms and conditions set out in the protection agreement. A section 28 approval of the protection agreement should cover these subsequent agreements. This may change as the protection agreement and the terms and conditions of the process have not been determined by the Ministers.

Commented [JK3]: I believe these agreements would refer to financing arrangements? Also there would be a dollar limit potentially as mentioned in the green highlighted part above.

Commented [JK4]: Financing arrangements?

Name of analyst:	James Strang	**Phone number:**	416-325-2071
Date:	September 21, 2017	**Log number:**	
Branch / Division:	GGPR / PEMD / Treasury Board Secretariat		

APPENDIX A: PROPOSED MINUTE

Approve the Ministries plan for implementing provisions of the *Fair Hydro Plan Act, 2017 (FHPA)* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc.

In this regard,

i) Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out non-binding term sheet – Provincial Protection and Assurances Indicative Term Sheet included in the TB/MBC Submission, and subject to such revisions that the two ministers acting together may determine.

Commented [JK5]: Does this mean that the two ministers may have the authority to deviate from the indicative term-sheet attached? Just clarifying.

ii) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the FHPA, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   a) To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
   b) To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

Formatted: Highlight

iii) Direct the Ministry to report back to TB/MBC with final accounting/legal/financial risk opinions.

APPENDIX B: FINANCIAL TABLES

FINANCIAL IMPACTS: CHANGES TO EXPENSE AND REVENUE					TABLE B1
		Fiscal Plan Basis			*Appropriations Basis*
$ Millions		**2017-18**	**2018-19**	**2019-20**	**2017-18**
Initiative cost recommended					
Expense changes:					
	Oper				
Expense Offset:					
	Oper				
Total Fiscal Impact		0.0000	0.0000	0.0000	**0.0000**

APPENDIX C: EXCERPT FROM *FAIR HYDRO PLAN ACT, 2017*

Protection and assurances

Prohibition

5 (1) No action or omission by the Board, the Minister or the Crown shall be effective to reduce, impair, postpone or terminate the obligations of specified consumers to pay amounts in respect of the clean energy adjustment or to impair or postpone the invoicing, collection or remittance of the clean energy adjustment.

Agreements

(2) The Minister and the Minister of Finance may together, with the approval of the Lieutenant Governor in Council, enter into agreements on behalf of the Province of Ontario with any person in respect of this Act, including agreements regarding the performance of the IESO or electricity vendors under this Act or related transactions.

Guarantee, indemnification

(3) The Lieutenant Governor in Council may by order,

(a) authorize the Minister and the Minister of Finance, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity;

(b) specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance; and

(c) specify a maximum liability for the guarantee or indemnity.

APPENDIX D: NON-BINDING TERM SHEET

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends the Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*);

	(5) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that [materially][1] and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][2] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that [materially][3] and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity.

[1] Under consideration to assess the marketability implications of materiality threshold.
[2] Under consideration to assess the marketability implications of this phrase.
[3] See footnote 1, above.

Optional Assumption:	At any time following the occurrence of a Protection Event, the Obligor shall be entitled (but not obligated) to assume the Financing Entity's obligations in respect of Specified Claims as obligor and debtor. The Financing Entity (including through the Financial Services Manager) will ensure that Specified Claims permit such an assumption by the Obligor without any penalty or make-whole payment (or, in the case of any contract for the provision of on-going services to the Financing Entity, the satisfaction and termination of the Specified Claims without any acceleration of future fees, profits or other like amounts), or any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

APPENDIX F: RISK UPDATE

The current submission, Provincial Protection Agreement, is reflected under the risk "Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding" as part of risk mitigating strategy.

Risk	Level of Risk	Risk Response
Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** 12 to 24 months **Rationale** • The proposed borrowing structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on the interest rate for borrowing, the amount of equity / funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • There is a risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's own ratings and cost of borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B (in the March 1, 2017 Cabinet Submission) is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the province to offset a part of the scheduled increases. • Fiscal impacts will be subject to fluctuations in Ontario electricity demand, GA and interests rates in the medium-to long term. As well as if a protection agreement is called upon: o OPG, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.	Risk can be mitigated by: • Providing a "provincial guarantee" for the cost of borrowing. • Drafting legislation to provide assurance to OPG and investors regarding the permanence of the GA refinancing framework and the authority of the legislation to pass the legislation; and enable the Province to guarantee borrowing of the trust in the event of a market disruption. • Specifics of a guarantee are dependent on the negotiation of agreements not yet initiated. Limiting triggers of a protection agreement to legislative (regulatory) changes and/or judicial decisions etc. • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost.

Commented [JK6]: Why is this cap mentioned?

From: Gavin He
To: Ronald Kwan
Cc: Usman Zahid
Subject: RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC
Date: Thursday, September 21, 2017 2:18:37 PM

Hi Ron,

I have put a placeholder on your calendar for Monday.

Regards,
Gavin He

From: Anna Strathy
Sent: Thursday, September 21, 2017 2:16 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC

Ken, Mike, Ron,

The latest draft of the TB Assessment note is attached. I don't expect this to change again between now and the meeting on Monday.

The TB/MBC meeting is scheduled to run from 3-6pm on Monday, September 25, 2017. While the official agenda isn't out as yet, unofficially the item is scheduled for 3:20pm. It's in the TB/MBC Boardroom first floor Frost South.

I would recommend planning to arrive just before 3:00pm. I will let you know as soon as I receive the final agenda.

Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Thursday, September 21, 2017 2:13 PM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>
Subject: RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC

Hi, attached is a revised note that includes feedback from OPCD and an additional minute following Chair's pre-brief to have a report back with the final accounting/legal/financial risk opinions.

Thanks in advance,

James Strang
416-327-2071

From:	Reiss, Anthony (MOF)
To:	James Strang (MOF); Pratima Gounden (ENERGY)
Cc:	Veinot, Cindy (TBS); Hosick, Sarah (TBS); Anna Strathy; Ronald Kwan; Afshin Malekzadeh (MOHLTC); Chris Skubel (MGS); Indira Komal (MCSCS); Lenna Wichenko (MCSCS)
Subject:	RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC
Date:	Thursday, September 21, 2017 2:13:52 PM

Thanks for your help with this James.

Anthony

From: Strang, James (TBS)
Sent: September 21, 2017 2:13 PM
To: Reiss, Anthony (MOF) <Anthony.Reiss@ontario.ca>; Gounden, Pratima (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Malekzadeh, Afshin (TBS) <Afshin.Malekzadeh@ontario.ca>; Skubel, Chris (TBS) <Chris.Skubel@ontario.ca>; Komal, Indira (TBS) <Indira.Komal@ontario.ca>; Wichenko, Lenna (TBS) <Lenna.Wichenko@ontario.ca>
Subject: RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC

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Thanks in advance,

James Strang
416-327-2071

From:	Anna Strathy
To:	Ken Kandeepan; Ronald Kwan; Mike Manning
Cc:	Gavin He
Subject:	RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC
Date:	Friday, September 22, 2017 3:56:48 PM

Hi Ken, yes, that's my understanding as well – that officials would wait in the anteroom and only be called in if there are questions – but we're just confirming that with TBS.

From: Ken Kandeepan
Sent: Friday, September 22, 2017 3:44 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC

Thanks Anna, I notice our item is "in camera" does that mean we just wait outside and be called only if there are questions

Thanks

Ken k

From: Anna Strathy
Sent: Friday, September 22, 2017 3:40 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC

Hi Ron, I've passed these comments on to the TB analyst, but my sense is that the window may have closed for changes.

Attached is the TB/MBC agenda for Monday's meeting, which confirms the Protection Agreement item is scheduled for 3:20 - 3:30.

Thanks, Anna

From: Ronald Kwan
Sent: Friday, September 22, 2017 2:32 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC

Hi Anna, Ken,

From Ken's Wednesday morning email, I thought that the interest rate range on the risk exposure on p.3 was going to be 0.8 to 1.0. Was there further direction to leave the top end higher?

Also, on page 2, why isn't the Ministry of Energy also listed as one of the entities listed as recommending the limited list of activation events?

Ron

From: Anna Strathy
Sent: September-21-17 2:16 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC

Ken, Mike, Ron,

The latest draft of the TB Assessment note is attached. I don't expect this to change again between now and the meeting on Monday.

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I would recommend planning to arrive just before 3:00pm. I will let you know as soon as I receive the final agenda.

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From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Thursday, September 21, 2017 2:13 PM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>
Subject: RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC

Hi, attached is a revised note that includes feedback from OPCD and an additional minute following Chair's pre-brief to have a report back with the final accounting/legal/financial risk opinions.

Thanks in advance,

James Strang
416-327-2071

From: Ken Kandeepan
To: Anna Strathy; Mike Manning; Ronald Kwan
Subject: RE: Provincial Protection Agreement - Dealer Comments
Date: Monday, September 18, 2017 11:16:55 AM

Why don't we call together from the Exe BR

Thanks

Ken k

From: Anna Strathy
Sent: Monday, September 18, 2017 11:07 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>
Subject: RE: Provincial Protection Agreement - Dealer Comments

Hi Toby,

Gadi is in meetings for the rest of the morning, but perhaps I could set up a call for 11:30am for a quick chat amongst those that are available on this email chain. The term sheet must be settled today as there is a meeting tomorrow with the Deputy and CoS at Energy.

I'll set up the call.

Anna

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, September 18, 2017 9:46 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Gavin He <Gavin.He@ofina.on.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; stephen.ashbourne@blakes.com
Subject: RE: Provincial Protection Agreement - Dealer Comments

Please see below some preliminary comments on the Dealer's comments, in all caps after each

comment.

****

All,

We (Osler and the dealers) have discussed the several drafts of the Provincial Protections and Assurances Term Sheet that were circulated yesterday. Below are the issues the dealers would like to discuss. We understand that a meeting is being arranged for Monday.

1. In several places, the term sheet provides that decisions will be made by the Ministers or by the Ministers and the Financing Entity/Manager. There is no reference to the Indenture Trustee/dealers. For example, the third sentence of the document provides that the agreement will include "*such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate.*" Either all anticipated parties to the definitive agreement should have the benefit of statements of this nature or they should not be included. THE INDENTURE TRUSTEE WILL BE THE BENEFICIARY OF WHATEVER IS ULTIMATELY SETTLED WITH OPG. THE DEALERS CONCERNS WILL BE ADDRESSED THROUGH OPG. THE PROVINCE EXPECTS THAT THE DEALERS COMMENTS AFFECTING MARKETABILITY WILL BE GIVEN CONSIDERABLE WEIGHT.

2. The clause headed Specified Claims refers to "payment obligations" that are secured. Is there an intention to exclude any Obligations Secured (to use the Trust Indenture term)? THE PROVINCE'S COVENANT EXTENDS ONLY TO FINANCING ENTITY PAYMENTS WHEN DUE; NOT MORE BROADLY TO PERFORMANCE AND OTHER COVENANTS OF THE FINANCING ENTITY. ON A PROTECTION EVENT, THE PROVINCE WILL BE OBLIGATED TO PAY AMOUNTS DUE AND PAYABLE BY THE FINANCING ENTITY.

3. There was a request to expand the scope of the regulations covered to include "connected" regulations; the intention being to include the regulations relating to the recovery of interest during the moratorium period through the Global Adjustment. The Province did not make the requested change. Will these GA regulations be covered? They need to be. SEE PARA (4) UNDER PROTECTION EVENTS.

4. While we understand the IESO LC for defaulted LDCs and the step-up pricing for warehouse take-out risk are not specifically the subject of this agreement, they are substitutes for provincial protections that were originally requested. We need to have confirmation that these issues have been resolved. THE PROVINCE IS NOT DIRECTLY INVOLVED AND SO THESE DO NOT BELONG IN THE TERM SHEET. THE PROVINCE EXPECTS THAT OPG WILL NEGOTIATE THE SPECIFIC ARRANGEMENTS SUBJECT TO THE FINANCING PLAN. AMONG OTHER THINGS, THE PROVINCE WILL WANT CONFIRMATION THAT THE STEP-UP PRICING DOES NOT RESULT IN AN ADVERSE ACCOUNTING TREATMENT OF THE TRANSACTION.

5. The requirement that the change of law have a "material" adverse effect is not acceptable. THIS POINT IS ACKNOWLEDGED. THE PROVINCE BELIEVES THIS IS NECESSARY TO PREVENT FOOT-FAULT SCENARIOS AND OPPORTUNISTIC

BEHAVIOUR.

6. We do not want the phrase “in a final and non-appealable judgement” being included in the ultra vires provision. Investors will be looking for timely payment. ACKNOWLEDGED. THE PROVINCE IS CONSIDERING ALTERNATIVES TO ADDRESS TIMELINESS CONCERNS.

7. We need it to be clear that the exclusion for “economic loss or loss of profits” does not cover the obvious economic loss/loss of profits that occurs when debt is not paid. The exclusion of consequential, special or punitive damages should be sufficient. THE PROVINCE’S OBLIGATIONS WILL BE LIMITED TO PAYING SPECIFIED AMOUNTS WHEN DUE AND PAYABLE. THE COVENANT WILL NOT EXTEND TO “MISSED OPPORTUNITY”, DAMAGES ON DOWNGRADE OR OTHER SIMILAR ECONOMIC CLAIMS.

8. We need to understand exactly what is contemplated by an obligation to pay under the heading “Obligation to Pay Specified Claims” versus the option to assume under the heading of “Optional Assumption”. We do not see a distinction. THE PROVINCE’S OBLIGATION TO PAY INVOLVES A COLLATERAL OBLIGATION TO PAY THE FINANCING ENTITY’S SUBSISTING/ON-GOING PAYMENT OBLIGATIONS. THE OPTION TO ASSUME INVOLVES THE PROVINCE DIRECTLY ASSUMING THE FINANCING ENTITY’S OBLIGATIONS SO THAT THE PROVINCE, RATHER THAN THE FINANCING ENTITY, BECOMES THE PRIMARY OBLIGOR. We also note that in the subrogation section there is a reference to the Obligor as guarantor. Our view is that if a Protection Event occurs, the Province assumes [SEE DISTICTION ABOVE RE COLLATERAL VS. ASSUMED PRIMARY OBLIGATION OF THE PROVINCE] all the obligations and is subrogated to all of the rights of the specified creditors against the Financing Entity and in respect of the clean energy adjustment. The Province can then retain as little or as much of the existing structure as it sees fit. THE OPTION TO STEP-IN AND DIRECTLY ASSUME THE FINANCING ENTITY’S OBLIGATIONS WOULD ALLOW THE PROVINCE TO COLLAPSE THE FINANCING ENTITY STRUCTURE AND SIMPLIFY/RATIONALIZE THE ARRANGEMENTS GOING FORWARD.

9. A proposal was made to address the issues arising from a post-default acceleration of the funding obligations by giving the province an option to assume the funding obligations to avoid acceleration. If that option is to be pursued, it would need to be in this term sheet. If it is not the solution, what is the solution? THE PROVINCE ANTICIPATES THAT “FINANCE AMOUNT” (AND THEREFORE THE CORRESPONDING CEAs) WILL BE LIMITED ON AN ACCELERATION TO THE AMOUNTS WHEN DUE AND PAYABLE. THE REVISED REGULATION WOULD ADDRESS THIS IN SECTION 5. THIS IS CONSISTENT WITH BONDHOLDERS’ RECOURSE BEING LIMITED TO THE UNDERLYING CASHFLOWS - IN THIS CASE, MEASURED BY REFERENCE TO THE APPLICABLE “FAIR ALLOCATION AMOUNT” AS OF THE TIME OF THE BOND ISSUANCE. ACCORDINGLY, THERE

SHOULD BE NO "BALLOON REPAYMENT" ON ACCELERATION OF BONDS AND SO NEED FOR A PRE-EMPTIVE OPTION.

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tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: September 15, 2017 12:11 PM
To: Ramchandani, Rima; Whitfield, Tobias P. (MOF); Hill, Krista; 'STEPHEN.ASHBOURNE@blakes.com'; 'LEE John -TREASURY'; Feldman, Michael; RYFA Ken -TREASURY
Cc: He, Gavin (OFA); Hosick, Sarah (TBS); Cengarle, John (MOF); Kim, John (OFA); Strathy, Anna (OFA); Hanslep, Malle (MOF); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Manning, Mike (OFA); Mayman, Gadi (OFA); Donaldson, Mark (TBS); Katona, Keley (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); Sebastiano, Rocco; Fullerton, Rick; Smith, Elliot; Mansoori, Nina; Emes, Aaron
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From:	Anna Strathy
To:	Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Malle Hanslep (MOF); Keley Katona (ENERGY); Scott Nelms (ENERGY)
Subject:	RE: Provincial Protection Agreement - Dealer Comments
Date:	Monday, September 18, 2017 11:06:42 AM

Hi Toby,

Gadi is in meetings for the rest of the morning, but perhaps I could set up a call for 11:30am for a quick chat amongst those that are available on this email chain. The term sheet must be settled today as there is a meeting tomorrow with the Deputy and CoS at Energy.

I'll set up the call.

Anna

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, September 18, 2017 9:46 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Gavin He <Gavin.He@ofina.on.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; stephen.ashbourne@blakes.com
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Sent: September 15, 2017 12:11 PM
To: Ramchandani, Rima; Whitfield, Tobias P. (MOF); Hill, Krista; 'STEPHEN.ASHBOURNE@blakes.com'; 'LEE John -TREASURY'; Feldman, Michael; RYFA Ken -TREASURY
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From:	Whitfield, Tobias P. (MOF)
To:	Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Malle Hanslep (MOF)
Subject:	RE: Provincial Protection Agreement - Dealer Comments
Date:	Monday, September 18, 2017 10:38:31 AM

We are available until about 11:45 to discuss these comments before this afternoon's meeting, if you would like.

Toby

Tobias Whitfield
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****

From:	Whitfield, Tobias P. (MOF)
To:	Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Malle Hanslep (MOF); Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Mark Donaldson (MOF); Gavin He; Hosick, Sarah (TBS)
Cc:	McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); stephen.ashbourne@blakes.com
Subject:	RE: Provincial Protection Agreement - Dealer Comments
Date:	Monday, September 18, 2017 9:46:47 AM

Please see below some preliminary comments on the Dealer's comments, in all caps after each comment.

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Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: September 15, 2017 12:11 PM
To: Ramchandani, Rima; Whitfield, Tobias P. (MOF); Hill, Krista; 'STEPHEN.ASHBOURNE@blakes.com'; 'LEE John -TREASURY'; Feldman, Michael; RYFA Ken -TREASURY
Cc: He, Gavin (OFA); Hosick, Sarah (TBS); Cengarle, John (MOF); Kim, John (OFA); Strathy, Anna (OFA); Hanslep, Malle (MOF); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Manning, Mike (OFA); Mayman, Gadi (OFA); Donaldson, Mark (TBS); Katona, Keley (MOF); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); Sebastiano, Rocco; Fullerton, Rick; Smith, Elliot; Mansoori, Nina; Emes, Aaron
Subject: Provincial Protection Agreement - Dealer Comments

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From:	Anna Strathy
To:	Ken Kandeepan; Mike Manning; Ronald Kwan
Subject:	RE: Provincial Protection Agreement - Dealer Comments
Date:	Monday, September 18, 2017 11:25:51 AM

Anis booked the Capital Markets Boardroom

From: Ken Kandeepan
Sent: Monday, September 18, 2017 11:17 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Provincial Protection Agreement - Dealer Comments

Why don't we call together from the Exe BR

Thanks

Ken k

From: Anna Strathy
Sent: Monday, September 18, 2017 11:07 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>
Subject: RE: Provincial Protection Agreement - Dealer Comments

Hi Toby,

Gadi is in meetings for the rest of the morning, but perhaps I could set up a call for 11:30am for a quick chat amongst those that are available on this email chain. The term sheet must be settled today as there is a meeting tomorrow with the Deputy and CoS at Energy.

I'll set up the call.

Anna

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, September 18, 2017 9:46 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Ronald Kwan

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To: Ramchandani, Rima; Whitfield, Tobias P. (MOF); Hill, Krista; 'STEPHEN.ASHBOURNE@blakes.com'; 'LEE John -TREASURY'; Feldman, Michael; RYFA Ken -TREASURY
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To:	Ronald Kwan; Ken Kandeepan; Mike Manning
Cc:	Gadi Mayman; Gavin He
Subject:	RE: Provincial Protection Agreement - Final
Date:	Tuesday, September 19, 2017 5:05:08 PM

The briefing is confirmed for Thursday morning at 9am.

From: Anna Strathy
Sent: Tuesday, September 19, 2017 1:50 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Provincial Protection Agreement - Final

FYI, final TB submission package attached. The DM/Minister briefing has been scheduled for Thursday morning at 9am; however, I'm looking to have it moved to today or tomorrow to accommodate Gadi's schedule. I'll be in touch if we are successful in rescheduling.

From: Anna Strathy
Sent: Tuesday, September 19, 2017 1:46 PM
To: Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>
Cc: David McLean (MOF) <David.McLean@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Provincial Protection Agreement - Final

Jonathan, Keley, Anthony,

Please find attached the final TB submission for the Provincial Protection Agreement tracking to TB/MBC on September 25. The first attachment (v9_clean) includes the submission, term sheet (in appendix), OIC, s. 28 and slide deck.

I'm bringing the hard copy package over to Legal for signature and then will drop it off to Jonathan. Note, Keley will share with Energy. A track change version (from the version the Minister of Energy already signed) is attached for Keley's reference.

Anthony, I take it you will be bringing the TB20 form to the briefing for the Minister to sign?

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

From:	Whitfield, Tobias P. (MOF)
To:	Hill, Krista (khill@torys.com); "STEPHEN.ASHBOURNE@blakes.com"; "LEE John -TREASURY"; "mfeldman@torys.com"; rramchandani@torys.com; RYFA Ken -TREASURY
Cc:	Gavin He; Hosick, Sarah (TBS); Cengarle, John (MOF); John Kim; Anna Strathy; Malle Hanslep (MOF); Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); Mike Manning; Gadi Mayman; Mark Donaldson (MOF); Keley Katona (ENERGY); Tom McKinlay (MAG); Thouin, Alena (ENERGY)
Subject:	RE: Provincial Protection Agreement
Date:	Thursday, September 14, 2017 5:00:15 PM
Attachments:	Term Sheet - Provincial Support Agreement - Sept 14.DOCX

Please find attached a revised version of the Protection Agreement term sheet based on our conversation this morning.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

<u>Provincial Protections and Assurances</u>

<u>Indicative Term Sheet</u>

<u>Ontario Fair Hydro Plan Act, 2017</u>

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding.*

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Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are

	appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*); (5) there is a change in the organization or structure of the IESO or Ontario's market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][1] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity.

[1] Under consideration to assess the marketability implications of this phrase.

Optional Assumption:	At any time following the occurrence of a Protection Event, the Obligor shall be entitled (but not obligated) to assume the Financing Entity's obligations in respect of Specified Claims as obligor and debtor. The Financing Entity (including through the Financial Services Manager) will ensure that Specified Claims permit such an assumption by the Obligor without any penalty or make-whole payment (or, in the case of any contract for the provision of on-going services to the Financing Entity, the satisfaction and termination of the Specified Claims without any acceleration of future fees, profits or other like amounts), or any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

From:	Anna Strathy
To:	Mike Manning; Ken Kandeepan; Ronald Kwan; John Kim
Cc:	Anis Hirani
Subject:	RE: Provincial Protection Agreement, Review | OFA, Energy, Legal Counsel, Blakes
Date:	Friday, December 08, 2017 12:06:53 PM

I thought we could take the call in the Capital Markets Boardroom.

-----Original Appointment-----
From: Anna Strathy
Sent: Friday, December 08, 2017 11:56 AM
To: Anna Strathy; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Gadi Mayman; Malle Hanslep (MOF); Hresa Gavaris; John Kim; Hilary Cox (ENE); Steen Hume (CAB); Tim Christie (ENERGY); Daniel Cayley (ENERGY)
Subject: Provincial Protection Agreement, Review | OFA, Energy, Legal Counsel, Blakes
When: Friday, December 08, 2017 1:00 PM-2:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Toll-free dial-in number: 1-866-602-5461

Local dial-in number: 416-212-8011

Conference ID: 4717656

OFA to Moderate

From: Ronald Kwan
To: John Kim
Subject: RE: Provincial Protection Agreement, Review | OFA, Energy, Legal Counsel, Blakes
Date: Friday, December 08, 2017 12:15:21 PM

Hi John,

That's fine. Enjoy the lunch.

Ron

From: John Kim
Sent: December-08-17 12:13
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: Fwd: Provincial Protection Agreement, Review | OFA, Energy, Legal Counsel, Blakes

Hi Ron,

Would you be going to this one? If so, I am hoping to skip. We have a branch lunch in the ADM boardroom which is starting a bit late

John

Sent from my iPhone

Begin forwarded message:

> **From:** Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Date:** December 8, 2017 at 12:06:53 PM EST
> **To:** Mike Manning <Mike.Manning@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, Ronald Kwan <Ronald.Kwan@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>
> **Cc:** Anis Hirani <Anis.Hirani@ofina.on.ca>
> **Subject: RE: Provincial Protection Agreement, Review | OFA, Energy, Legal Counsel, Blakes**
>
> I thought we could take the call in the Capital Markets Boardroom.
>
> -----Original Appointment-----
> **From:** Anna Strathy
> **Sent:** Friday, December 08, 2017 11:56 AM
> **To:** Anna Strathy; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Gadi Mayman; Malle Hanslep (MOF); Hresa Gavaris; John Kim; Hilary Cox (ENE); Steen Hume (CAB); Tim Christie (ENERGY); Daniel Cayley (ENERGY)
> **Subject:** Provincial Protection Agreement, Review | OFA, Energy, Legal Counsel, Blakes
> **When:** Friday, December 08, 2017 1:00 PM-2:00 PM (UTC-05:00) Eastern Time (US &

Canada).
Where: Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

From:	Ramchandani, Rima
To:	Tobias P. Whitfield (MOF); Hill, Krista; "STEPHEN.ASHBOURNE@blakes.com"; "LEE John -TREASURY"; Feldman, Michael; RYFA Ken -TREASURY
Cc:	Gavin He; Hosick, Sarah (TBS); Cengarle, John (MOF); John Kim; Anna Strathy; Malle Hanslep (MOF); Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); Mike Manning; Gadi Mayman; Mark Donaldson (MOF); Keley Katona (ENERGY); Tom McKinlay (MAG); Thouin, Alena (ENERGY); "Milligan, Peter"; Sebastiano, Rocco; Fullerton, Rick; Smith, Elliot; Ramchandani, Rima; Mansoori, Nina; Emes, Aaron
Subject:	RE: Provincial Protection Agreement
Date:	Thursday, September 14, 2017 6:41:26 PM
Attachments:	OPG_Torys_Comments(14_9_17).pdf Term Sheet - Provincial Support Agreement - Sept 14.docx

Thank you Toby. Attached are a few comments from Torys on your re-draft of the term sheet (clean and blacklined to your version – please note that the formatting is not always clear on the blackline but the clean version is fine). One minor note on our comments – you will see that we reinserted the words "or amends" in para (C) of the definition of a Protection Event. If this was deleted because you view this as already being covered in para (D), then we are OK with the deletion.

Please note that the attached only represents Torys comments and does not reflect input from the dealers/Osler. we have sent the Osler Team your re-draft of the term sheet for their review and consideration and, in the interests of time, are cc'ing them on this email so they can also see our comments.

Best,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-14-17 5:00 PM
To: Hill, Krista <khill@torys.com>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; McKinlay, Tom (ENERGY) <Tom.McKinlay@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>

Subject: RE: Provincial Protection Agreement

Please find attached a revised version of the Protection Agreement term sheet based on our conversation this morning.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

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	official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*); (E) (5) there is a change in the organization or structure of the IESO or Ontario's **electricity** market undertaken at the initiative of the Province or an entity controlled by the Province, (F) in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims **in accordance with their terms**, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (G) a court of competent jurisdiction [in a final and non-appealable judgement][1] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims **in accordance with their terms**.
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[1] Under consideration to assess the marketability implications of this phrase.

	security interest in each related investment interest and related property of the Financing Entity.
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Document comparison by Workshare Compare on September-14-17 6:11:55 PM

Input:	
Document 1 ID	interwovenSite://INVENTORYS1/TorysAtWork/24132300/1
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Document 2 ID	interwovenSite://INVENTORYS1/TorysAtWork/24132300/2
Description	#24132300v2<TorysAtWork> - Term Sheet - Provincial Support Agreement - Sept 14
Rendering set	strikeout-colour

Legend:	
Insertion	
~~Deletion~~	
<~~*Moved from*~~>	
>*Moved to*<	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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Insertions	7
Deletions	2
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	9

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[1] Under consideration to assess the marketability implications of this phrase.

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Governing Law:	Province of Ontario.

From: Ronald Kwan
To: Anna Strathy; Ken Kandeepan; Mike Manning
Subject: RE: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel
Date: Monday, November 13, 2017 6:36:37 PM

Hi Anna,

Would you be setting up this meeting, and, as discussed last week, would Energy policy staff be attending so that we can get an Energy policy view on some of the key outstanding items with respect to the legal agreements?

Ron

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: November-13-17 11:35 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; 'stephen.ashbourne@blakes.com' <stephen.ashbourne@blakes.com>; Hresa Gavaris <Hresa.Gavaris@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>
Subject: RE: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel

Hi all,

We have been reviewing the two agreements over the week-end and had call with Energy Legal and Blakes this morning. We understand that a meeting will be scheduled for tomorrow with the full group to get further instructions on the draft with Blakes' comments that was distributed to the group on Friday for review. We will use the drafts from Friday for the purposes of our meeting tomorrow because they outline the points for our consideration. Thanks.

Malle

From: Whitfield, Tobias P. (MOF)
Sent: November-10-17 2:00 PM
To: Strathy, Anna (OFA); Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Veinot, Cindy (TBS); Manning, Mike (OFA); Kwan, Ronald (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA);

Hirani, Anis (OFA); Kim, John (OFA); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Gavaris, Hresa (OFA); John Psinas; Hume, Steen (ENERGY); Cayley, Daniel (ENERGY)
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Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Appointment-----
From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 10, 2017 11:06 AM
To: Anna Strathy; Whitfield, Tobias P. (MOF); Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Veinot, Cindy (TBS); Manning, Mike (OFA); Kwan, Ronald (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Gavaris, Hresa (OFA); John Psinas; Hume, Steen (ENERGY); Cayley, Daniel (ENERGY)
Subject: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel
When: November 10, 2017 4:00 PM-4:30 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Executive Boardroom, 14th Floor, 1 Dundas OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

The purpose of this meeting is to discuss, at a high-level, OPG's edits to the Protection and Process Agreements (received Wednesday evening) and discuss next steps.

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

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From:	Hanslep, Malle (MOF)
To:	Tobias P. Whitfield (MOF); Anna Strathy; Gadi Mayman; Ken Kandeepan; Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); "stephen.ashbourne@blakes.com"; Hresa Gavaris; John Psinas; Steen Hume (CAB); Daniel Cayley (ENERGY)
Subject:	RE: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel
Date:	Monday, November 13, 2017 11:35:38 AM

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Subject:	RE: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel
Date:	Friday, November 10, 2017 2:00:30 PM
Attachments:	23239361-vpdf-CLPA - Process Agreement.pdf 23239360-vpdf-CLPA - Protection Agreement.pdf 23239360-vpdf-CLPA - Protection Agreement.pdf 23239361-vpdf-CLPA - Process Agreement.pdf

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.[, AS FINANCIAL SERVICES MANAGER][1]

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

[1] Province to consider whether liability of OPG should be primary, or subject to the inherent limitations (e.g., duty/standard of care) implied by its role as FSM. Primary responsibility for the 'behind the scenes obligations' contemplated in this Process Agreement would be more meaningful to the extent that potential corporate liability promotes compliance .

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**")~~,~~[, as Financial Services Manager for the Financing Entity in accordance with the Act,] is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, ~~the FSM established~~ the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.~~1~~[2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, ~~OPG~~[the FSM] provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to ~~OPG~~[the FSM] that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations ~~OPG~~[the FSM] has agreed to perform and assurances ~~OPG~~[the FSM] has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of ~~OPG~~[the FSM], and of the Province in accordance with the Act, have been done.

~~1~~[2] Note: This draft only addresses the first Financing Entity. If additional financing entities are established, revisions to this Agreement may be made at that time, in context. Any additional financing entities contemplated should be as contemplated in the Financing Plan.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor, [except in each case as referenced in the definition of Protection Event];

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the ~~Financing Entity or the~~ Financing Entity ~~Trustee~~

For greater certainty, each reference to the Financing Entity ~~or to the Financing Entity Trustee~~ shall be construed as a reference to the [FSM, as agent of the][3] Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

[3] Validity considerations if FSM effects primary agreements that in turn define the scope of its authority.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.01 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF ~~OPG~~THE FSM

2.01 Deliveries to the Province[4]

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, ~~OPG~~the FSM shall deliver to the Province a copy of the initial Financing Plan. Thereafter, ~~OPG~~the FSM shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

~~(b) Unless the Financing Entity is subject to the PILs Regime, not less than 15 Business Days prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province an analysis and assessment of the tax position of the Financing Entity. In addition, OPG shall promptly deliver written notice to the Province of any change in the Financing Entity's eligibility status under the PILs Regime and an analysis and assessment of any material change in the tax position of the Financing Entity.~~

(b) ~~(c)~~ Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, ~~OPG~~the FSM shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional ~~of~~or replacement Transaction Document.

(c) ~~(d)~~ Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, ~~OPG~~the FSM shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) ~~(e)~~ Promptly upon request, ~~OPG~~the FSM shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

~~(f) OPG shall, as the FSM, cause the Financing Entity to deliver to the Province copies of the Financing Entity's annual tax returns (if any) and any related tax assessments not more than 10 Business Days after such a tax return or tax assessment is required to be filed under applicable law.~~[2]

[4] Province to consider OPG's proposed deletion of fallback (non-PILs) access to tax information for the Trust.

[2] ~~Note: The tax documents to be provided to the Province are under consideration.~~

2.02 Covenants

(a) ~~OPG shall, as the FSM,~~The FSM shall [use commercially reasonable efforts to][5] cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not~~, without the prior written consent of the Province~~:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;

(B) consent to the resignation of ~~(1) the Administrative Agent under the Administrative Services Agreement; or (2)~~ the Manager under the Management Agreement;

(C) consolidate or merge with or into any other Person;

(D) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired;

(E) permit any Lien (other than the Security Interest) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(F) sell, transfer, exchange or otherwise dispose of any of the Collateral, other than as expressly permitted by the Trust Indenture;

(G) release any security or guarantee in respect of the Collateral other than as expressly permitted by the Trust Indenture; or

[5] Province to consider lower standard for compliance proposed by OPG, particularly (ii) to (v).

(H) voluntarily dissolve or liquidate.

(b) ~~OPG~~The [FSM shall use commercially reasonable efforts to][6]:

(i) comply, and ~~as the FSM~~to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation;

(iii) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under ~~this~~the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected; and

(iv) ensure that any disclosure (including any Disclosure Document, press release or other written communication intended for dissemination to third parties) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement will be subject to the prior review of the Province and such disclosure will not be made (and any such Disclosure Document shall not be used and any such press release or other written communication shall not be issued) without the prior written consent of the Province, in each case unless such disclosure is substantially the same as a disclosure previously made and for which the Province had previously provided its written consent under this Subsection 2.02(b)(iv).

(c) [Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail. For clarity, OPG's obligations under this Agreement are solely in its capacity as the FSM.][7]

[6] Province to consider lower standard for compliance proposed by OPG.

[7] Province to consider interaction of this Agreement with the OPG indemnity. To the extent that OPG is indemnified, the impact of OPG non-compliance is significantly reduced to the extent that liability considerations are relevant to OPG.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

~~OPG~~The FSM shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of ~~OPG~~the FSM (or their respective designees, provided that such designees are also executive officers of ~~OPG~~the FSM) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation, and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment ~~and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the Primary Obligation~~, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection

Agreement Maximum~~.~~; [for clarity, Repayments shall not include any payments or outstanding amounts due or becoming dues in the future in respect of any Primary Obligations arising under or in connection with a Derivative Agreement].[8]

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the certificate referred to in Subsection 4.02(d~~)(ii~~) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to ~~OPG~~the FSM; and

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(~~e~~b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to ~~OPG~~the FSM.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation [that would be adverse to the Issuer][9], including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters;

[8] This requires further consideration. This could cut both ways to the extent non-CAD deals are done and the FX is hedged.

[9] Province to consider if OPG should be empowered to make this qualitative judgment on behalf of the Province.

(b) with respect to the Reviewed Documentation referred to in clauses (v) to (ix) of the definition of "Transaction Documents", and, where applicable, clauses (x) and (xi) of the definition of "Transaction Documents" as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of the Primary Obligations arising thereunder and as to the timing, conditions and circumstances in which payment obligations under such Primary Obligations may arise, but without regard to the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(c) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[10]

~~(a) The initial Protection Agreement Maximum shall be determined by the Province prior to the initial issuance of the first Funding Obligation. The initial Protection Agreement Maximum will be confirmed by the Province by notice in writing to OPG, as the FSM.~~

(a) ~~(b)~~ [Not less than [■] Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the ~~applicable~~ Financing Plan (the "**Initial Forecast**"). ~~In determining the initial Protection Agreement~~

[10] Province to consider OPG's proposal for Program Agreement Maximum. In effect, the discretion of the Province is removed and the limiter is tied directly to OPG's forecast (to be consistent with the financing plan required by the Act). This means that the Province has no independent escape hatch to limit its potential fiscal exposure under the Protection Agreement. As discussed, the actual exposure will depend on the determinations to use the IESO sale mechanics to fund shortfalls – in other words, if IESO were to not sell investment interests, then the corresponding funding obligations subject to the Protection Agreement would not arise. Note that the financing plan is almost entirely within OPG's discretion and is based on long-term estimates that assume maximum use of the IESO sale mechanics. Has the Province confirmed that committing to this arrangement for the term (30 years) of the OFHPA, without a limiter that is within the Province's control, will not result in a huge contingent liability being booked in the Province's accounts (i.e., maximum fundings for 30 years)? Has the Province determined whether there are other internal governance reasons to require an escape hatch for the purposes of its fiscal management purposes? Note that Protection Events are not all within the Government's control (e.g., *ultra vires* and invalidity issues).

Maximum, the Province may have regard to (but not be bound by); and (ii) notice of the initial Protection Agreement Maximum which shall be based on the Initial Forecast.

(b) Not more than [■] Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province shall confirm its agreement with the initial Protection Agreement Maximum or if the Province does not agree with the determination of the initial Protection Agreement Maximum, which disagreement may only be on the basis that the Initial Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will discuss and address any inaccuracies in the Financing Plan to the reasonable satisfaction of both parties, and the initial Protection Agreement Maximum will be revised accordingly.]

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum based on such Forecast.

(d) Upon receiving an updated Forecast, the Province shall determine whether or not the Protection Agreement Maximum will beNot more than [■] Business Days following receipt of any further Forecast and notice of the revised. In determining whether the Protection Agreement Maximum will be revised, the Province may have regard to (but not be bound by) such updated Forecast. Any determination by the Province to revise the Protection Agreement Maximum will be confirmed by setting out a new Protection Agreement Maximum in a written notice from the Province to the FSM and the Indenture Trustee, the deliveryfrom OPG pursuant to Section 4.01(c), the Province shall confirm its agreement with the revised Protection Agreement Maximum or if the Province does not agree with the determination of the revised Protection Agreement Maximum, which will be conclusive evidence that such newdisagreement may only be on the basis that the further Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will discuss and address any inaccuracies in the Financing Plan to the reasonable satisfaction of both parties, and the revised Protection Agreement Maximum will apply until it may be further sobe revised accordingly.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of ~~OPG~~the FSM

~~OPG~~The FSM represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, shall [use commercially reasonable efforts to] cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

~~(b)~~ [OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto and to own its property and carry on its business as currently conducted.

~~(c)~~ OPG has been validly appointed, and has irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.][11]

(c) ~~(d)~~ The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation of ~~OPG~~[the Financing Entity enforceable against ~~OPG~~the Financing Entity][12] in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(d) ~~(e)~~ There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting ~~OPG (including in its capacity as the FSM) or~~ the Financing Entity at law or in equity or before or by any Governmental

[11] Province to consider carve back of OPG reps and liability issues with role as FSM only.
[12] Focus was on OPG. They shifted it to the Trust.

Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(e) [There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG (including in its capacity as the FSM) or the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or the Financing Entity or in the ability of OPG or the Financing Entity to perform their respective obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.][13]

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) [Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.][14]

(i) [No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or

[13] Province to consider carve back of OPG reps and liability issues with role as FSM only.
[14] Deleted by OPG. Province to consider.

any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.][15]

5.02 Representations and Warranties of the Province[16]

The Province hereby represents and warrants that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement does not and will not result in a violation of any applicable law;

(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations hereunder; and

(d) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms.

ARTICLE VI
ELECTION[17] TO ASSUME APPROVED OBLIGATIONS[18]

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) ~~to~~ elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to ~~OPG~~the FSM a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify

[15] Deleted by OPG. Province to consider.

[16] Province to consider OPG's request for these representations. Does the Province make these sorts of representations in a commercial agreement? To the extent that the Province makes a statement (such as 5.02(d)) that is not caveated by the usual considerations applicable to a Crown obligation, the parallel rep requested in the Protection Agreement could be held out as a misstatement and itself provoke a "Protection Event" – suggesting that these sorts of "nice to have" reps from the Province will be more work (and potentially dangerous) than they are worth.

[17] Province to consider OPG's proposal to move Art VI to the Protection Agreement. The approach taken originally was motivated by the desire to keep the details and plumbing out of the "external" document. If we move toward putting all of this into the Protection Agreement, it will raise additional drafting issues (e.g., we will have to have a parallel "Breach Event" concept in the Protection Agreement that will deal with these sorts of undertakings and allow for a suspension of the Limited Guarantee), but should otherwise be fine in principle.

[18] Note to Province/Blakes: Article 6 to be moved and merged with Article 6 of the Change of Law Protection Agreement with appropriate revisions. It is more appropriate in that agreement. See also the comments in Article 6 of the Change of Law Protection Agreement.

the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to ~~OPG~~the FSM (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to ~~OPG~~the FSM, ~~OPG~~the FSM shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) ~~a draft version of~~ the form of Assumption Agreement ~~prepared in relation to each Obligation Secured, prepared in accordance with and having regard to the requirements of the relevant agreement(s) under which the Obligation Secured arises.~~in respect of the assignment and assumption of all Obligations Secured is attached as Exhibit E to the Change of Law Protection Agreement.[19]

[19] Note to Province: A form of global Assumption Agreement for all Obligations Secured is required. It is impractical to have an assumption agreement for each type of Obligation Secured. Province: We can be guided by OPG on this, but it seems simplistic to think that the same assumption agreement will work for swaps, debt and service obligations. Ultimately, this is a mechanics point.

6.03 Settlement of Terms

Within 20 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

6.04 Cooperation to Implement the Assignment and Assumption

~~OPG~~The FSM shall cooperate with the Province and~~, as FSM,~~ will [use commercially reasonable efforts to][20] cause the Financing Entity to cooperate, and~~ each~~ shall use its ~~best~~commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.~~3~~[21]

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, ~~OPG will, and as~~the FSM~~,~~ will use commercially reasonable efforts to cause the Financing Entity to, [use commercially reasonably efforts to] ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity~~,~~ permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts~~.~~[4], other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[22]

[20] Province to consider scope of commitment.

~~3~~[21] Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.

~~4~~[22] Note: The Trust Indenture will need to include a clause providing that the obligations of the Financing Entity to the Indenture Trustee and the Noteholders may be assigned to the Province in accordance with an assumption agreement, substantially in the form set out in an exhibit to the Trust Indenture. **[NTD: The form of Assumption Agreement shall be an exhibit to the Change of Law Protection Agreement (consistent with our comment to move Article 6 here to the Change of Law Protection Agreement). We will add the following to the MTI to otherwise address your comment: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured pursuant to Sections 5.01(f) and 5.03(b) of the MTI, and (ii) we will add language in section 11.01 of the MTI that allows the Indenture Trustee to enter into the global Assumption Agreement without the consent of Specified Creditors.]**

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of ~~OPG~~the FSM under this Agreement ~~(including in respect of its role as FSM under any Program Agreement)~~[which continues for sixty (60) days after written notice by the Province to the FSM of such default or breach][23];

(b) any representation or warranty made by ~~OPG~~the FSM in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect on the date made [and, if curable, is not cured within sixty (60) days after written notice by the Province to the FSM of such misrepresentation][24]; or

(c) OPG is no longer the ~~FSM, the Administrative Agent or the~~ Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as ~~the FSM, the Administrative Agent or~~ the Manager. **[NTD: The FSM is a statutory role and OPG can only be removed as FSM by the Province.][25]**

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to ~~OPG~~the FSM, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

[23] Province to consider proposed 60 day cure period. This is an extraordinary suggestion and if accepted would greatly weaken the Province's ability to address a problem in the unlikely event one comes up with OPG.

[24] Extraordinary suggestion by OPG – weakens Province.

[25] This should be considered. If true, it is unclear why that should make a difference – in terms of enabling the Province to cut-off its forward obligations in the event of a fundamental problem or circumstance (change of control) that leads to a replacement of OPG as FSM.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to ~~OPG~~the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 ~~Confidentiality~~[5] Intentionally Deleted[26]

8.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

[5][26] To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province. **[NTD: The existence and details of this Agreement and the Change of Law Protection Agreement cannot be confidential. It will need to be disclosed to the Rating Agencies and to potential investors.][Province: That circle should still be protected through carve-outs from ordinary non-disclosure terms and conditions. Province to consider if confidentiality is a concern. It was included as a consideration in the term sheet.]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC., [SOLELY][27] AS FINANCIAL SERVICES MANAGER TO THE FINANCING ENTITY

By: _____

Name:
Title:

By: _____

Name:
Title:

[27] Unusual. OPG is trying to incorporate inherent limitations applicable to an agency relationship.

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

~~[FINANCING ENTITY TRUSTEE], IN~~FAIR HYDRO TRUST, BY ITS ~~CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]~~MANAGER, ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

~~[INDENTURE TRUSTEE]~~BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~["**Administrative Agent**" has the meaning ascribed thereto in the Change of Law Protection Agreement.]~~

~~["**Administrative Services Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.][6]~~

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity~~, the FSM~~ and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction,

[6] ~~Note: To be confirmed if required.~~

collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means ~~[■]~~Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(~~b~~a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(~~b~~a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

~~[~~"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~]~~

~~[~~"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.~~]~~[7]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO~~, and acknowledged and accepted by the Indenture Trustee~~.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

~~"**PILs Regime**" means the Payment in Lieu of Taxes regime contemplated under the *Electricity Act* (Ontario).~~

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

~~[7]Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.~~

"**Protection Agreement Maximum**" means the dollar amount ~~determined by the Province and of which OPG is provided written notice~~[referenced as the Program Agreement Maximum in accordance with Article IV].

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed ~~thereto~~to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement~~, the Administrative Services Agreement~~ and the Management Agreement; (iii) the Master Transfer and Servicing Agreement ~~between the Financing Entity and the IESO~~; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the

Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

~~**(form of Assumption Agreement to be attached, once settled)**~~

Document comparison by Workshare Compare on Friday, November 10, 2017 12:51:18 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/7
Description	TOR_2528-#23239361-v7-CLPA_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/9
Description	TOR_2528-#23239361-v9-CLPA_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	181
Deletions	121
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	306

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

[FINANCING ENTITY TRUSTEE] IN ITS CAPACITY AS TRUSTEE OF THE [FINANCING ENTITY]

FAIR HYDRO TRUST[1], BY ITS MANAGER, ONTARIO POWER GENERATION INC.

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

[NAME OF INDENTURE TRUSTEE]BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] "Trustee" is the "legal entity". Trustee itself should sign all primary documents to make "manager" delegation meaningful and to avoid invalidating the Trust as a "trust".

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), ~~**[FINANCING ENTITY TRUSTEE]**~~Ontario Power Generation Inc., as the ~~Financing Entity Trustee~~Manager and in its capacity as ~~trustee of the **[FINANCING ENTITY]**~~Manager of Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc. in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and ~~**[INDENTURE TRUSTEE]**~~BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee and in its capacity as trustee for the Beneficiaries in accordance with the Trust Indenture, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the ~~FSM established the~~ Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The FSM, as agent of the Financing Entity Trustee, in its capacity as trustee of the Financing Entity ~~in its capacity as Financing Entity Trustee,~~ and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

[2] See OFHPA, definition of "financing entity". FSM to establish or cause to be established. Needed for authority under OFHPA 5(3), among other things.

~~OPG~~The FSM[3] and the Province will concurrently enter into the Process Agreement, under which ~~OPG~~the FSM will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the ~~Financing Entity Trustee, the~~ FSM[4] and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor, [except in each case as referenced in the definition of Protection Event][5];

[3] Need to confirm parties to the Process Agreement. OPG, acting as FSM, implies potential limitation on OPG's liability.
[4] Deletion of the Trust as a party is unacceptable since would impact Province's rights against Trust's assets (e.g., as a subrogee).
[5] Covered in preamble, so delete.

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.[6]

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province

[6] Enforcement of the Limited Guarantee under this Agreement must be limited to enforcement by the Indenture Trustee on behalf of the Beneficiaries. The Trust Indenture should deal with the manner and limitations on the Indenture Trustee's actions with respect to enforcement.

with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture. No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.[7]

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other ~~agreement~~Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province upon performance by the Province of the Primary Obligation. [To the extent of any conflict between this Agreement and the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail.][8]

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable

[7] There is no intention to provide a separate cause of action for individual Beneficiaries.

[8] Explanation required. Indemnity is a separate cause of action and should not limit the Province's primary entitlements under this Agreement, opposite the Trust and the Indenture Trustee. If an override in favour of OPG is contemplated, that should be clearly set out and understood. This provision confuses concepts. In any event, the Trust is not a party to or a protected person under the indemnity.

with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity ~~Trustee~~

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity ~~or the Financing Entity Trustee, as trustee of the Financing Entity,~~ is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to ~~(i)~~ the Financing Entity ~~or (ii) the Financing Entity Trustee~~, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the FSM as agent for the Financing Entity Trustee (in its capacity as trustee of the Financing Entity~~-~~). **[NTD: Discuss whether the Financing Entity Trustee should be a party to this Agreement and references to the Financing Entity Trustee re-inserted into this section and others.]**[9]

[9] Otherwise validity of Trust obligations becomes questionable and opinion qualifications would become likely. Revert to Blakes language.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the ~~Financing Entity~~Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the amount of the Approved Obligations ~~owing~~[that would have been payable from Available Collections had the Protection Event not occurred][10][owing][11] from time to time by the Financing Entity to the Indenture Trustee as and

[10] The amount "owing" under an obligation (i.e., balloon) will different from the amount available to be paid in respect of such owed amount (based on Available Collections). The Province is not obligated to pay more than the obligations that would have been paid from CEAs had they been collected. This language is an alternative to the simple drafting approach contemplated in the term sheet ("without acceleration"), and is more complex. It would also make the new "additional amount" (i.e., extra amounts up to the FAA) part of the Province's obligations, which has not been contemplated by the OFA to date and will need to be considered separately.

[11] This would mean that the entire amount of the Notes would become payable, as a balloon. That is not the deal.

when they become due and payable[, without Acceleration~~1~~][12]. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation[, ~~(~~without Acceleration~~),~~][13] in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts ~~owing~~[that would have been payable from Available Collections had the Protection Event not occurred] [owing] by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[~~2~~14], in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation, in each case by the Province depositing or causing the deposit of the applicable payment amount into the ~~Collection Account~~ [Protection Account][15] [5 Business Days prior to the fifteen day of each calendar month][16] (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation, including (i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event, and (ii) amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account or a Supplemental Reserve Account.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

[1] ~~Consider~~[12] This is a simpler and preferred formulation for the relevant concept. Also, consider mechanics for notifying the Province regarding the specific amounts payable and their due dates. Consider attaching a detailed schedule of payments under the Payment Demand and the respective due date of each payment.

[13] If alternative approach is preferred (as described above), this will also need to be modified.

[~~2~~14] Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations", which in turn relies on the definition of Primary Obligations. The connection between a Primary Obligations and an "investment interest" is therefore crucial. Blakes is considering how to more precisely connect these concepts.

[15] Addition of Protection Account step will require further consideration. Province needs to see how the Trust Indenture will be modified to address this mechanically (i.e., part of the Collateral; mechanics of how funds move to Collection Account; equitable claims; etc. Province will need to know that all amounts will be applied for their intended purposes without undermining Province's step-in and subrogation rights).

[16] Delete. Province will pay on the date amounts would have otherwise been paid; not in advance.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

2.02 ~~Gross-up~~Intentionally Deleted.

~~[All amounts payable by the Province under this Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Province is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Province shall deposit into the Collection Account such additional amount as is necessary to ensure that the Indenture Trustee receives (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise due and payable in respect of the related Approved Obligation, net of any such taxes, charges, fees, levies, duties or withholdings.]~~[3]

2.03 Absence of Set-off

The Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into ~~Collection~~Protection Account[17] in Satisfaction

(a) [On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement.

[3] ~~Under consideration.~~

[17] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture as if it were an Issuer Account.]

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the ~~Collection~~Protection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation.[4] Upon a payment having been made by or on behalf of the Province into the ~~Collection~~Protection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable ~~under~~to such Beneficiaries in respect of the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[~~5~~18]. For greater certainty, the obligations arising in respect of the Approved Obligation shall not be reduced by such payment as the Province shall become entitled to the rights contemplated under Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

[4] ~~This will need to operate in tandem with the Trust Indenture waterfall. The idea is that the Approved Obligations may not necessarily follow the sequence of the "payment waterfall" included in the Trust Indenture, and so amounts from the Province would need to operate independently.~~

[~~5~~18] Consider how Beneficiary rights under Obligations Secured will be amended under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a corresponding provision should appear in the Trust Indenture and each other contract under which the Obligation Secured arises, to the effect that the Beneficiaries will be deemed to be bound by the agreement of the Indenture Trustee under this Agreement. Please see our addition in Section 9.08. The Specified Creditors already make the necessary acknowledgement in Article 5 of the Trust Indenture. Isn't this also addressed in section 1.03 above?

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03~~]~~.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine,

provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if ~~(a)~~ the Adherence Conditions applicable thereto have been satisfied~~; or (b) the Province has specifically approved in writing the particular terms, conditions and documentation for the Primary Obligation~~.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments~~6~~[19] under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of

~~6~~[19] Use of the concept of "repayments" under the OFHPA for this purpose is under consideration.

Repayments under Approved Obligations, do not exceed the Protection Agreement Maximum;[20]

(c) the FSM delivers a notice to the Indenture Trustee, with a copy to the Province, one Business Day prior to the incurrence or any amendment of the Primary Obligation, setting out the Protection Agreement Maximum;

(d) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG [and, for clarity, such certificate is to be provided in OPG's capacity as FSM][21]) and addressed to the ~~Province and the~~ Indenture Trustee and the Province[22], one Business Day prior to the earlier of (i) one Business Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to the Primary Obligation:

i. confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation (if any), together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not and will not exceed the Protection Agreement Maximum[23]; and

ii. confirmation that [the FSM has delivered to the Province a certificate in accordance with the Process Agreement confirming, among other things, that the transaction documents in respect of the Primary Obligation are in substantially the form of the documentation reviewed by the Province][the FSM has delivered

[20] Province needs this to be part of the adherence process opposite the indenture trustee. Since the PAM will be objectively determined and within the knowledge of the indenture trustee (as contemplated in para (c)), this should not raise practical constraints. This is analogous to current procedures undertaken in connection with the incurrence of provincial obligations, where the conditions to issuance involve specific affirmation that the issuance is within the prescribed borrowing limit.

[21] OPG's capacity in certifying is under consideration, having regard to the inherent limitations associated with actions undertaken as FSM.

[22] Certificate is intended as Province's closing due diligence and so needs to be addressed and delivered to Province. Otherwise Province will need to become directly involved in the closing process. Province is prepared to rely on OPG for this purpose to accommodate OPG's logistical concerns, but that does not mean that Province can be removed from the closing process altogether, without the benefit of these required affirmations.

[23] Province wants OPG to specifically confirm this at the time of closing, to support the Province's reliance on OPG for this critical purpose.

to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement][24]; and

(e) the Province has not provided a Suspension Notice to the Indenture Trustee[25], the FSM and the Financing Entity in accordance with the terms of this Agreement.

(f)

(g) , confirming that the FSM has delivered to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement; and

(h) **[NTD: This is more properly dealt with in Section 8.02 of this Agreement.]**.

4.03 Evidence of Satisfaction

A closing certificate ~~signed by at least two executive officers of OPG~~delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be ~~defect~~defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
~~RIGHTS OF THE~~ PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation:

i. ~~(a)~~ to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or

ii. ~~(b)~~ as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI, **[NTD: This requires further discussion depending on the terms of the assignment and assumption agreement. If the Obligations Secured are assigned and assumed by the Province under Article VI, how would the Province be subrogated and entitled**

[24] The intention was not to incorporate specific terms of the Process Agreement into the Protection Agreement, to avoid the need for investors, relying on the Protection Agreement, to be concerned about its contents. If there is a preference to hard-code the Process Agreement in the Protection Agreement, the Province will not object but further drafting considerations will arise.

[25] Province wants this mechanic embedded in the adherence conditions so it is explicitly understood and mechanically contemplated as the way the Province can cut-off future Limited Guarantees opposite the indenture trustee.

to the Beneficiary's rights and interests under the Approved Obligation? Consider limiting the application of this section 5.01 to the Limited Guarantee.] [26]

the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a ~~secured party~~Specified Creditor under the Trust Indenture~~)~~ on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including~~, if applicable, as a Noteholder~~ as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province, in its capacity as a Specified Creditor, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]** and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

[26] The idea is that if the Province steps in and becomes the obligor, it will get all of the underlying interests in the Trust's property (i.e., "interests … in respect of the Approved Obligation" = collateral). If this seems confusing, a parallel provision can be added to Art VI to address the step-in scenario specifically. Discussion of any concerns will be useful.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Voting Rights under "Outstanding Notes"

[Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[7][27]:

(a) **Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and**

(b) **in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.] [NTD: To be discussed. Explanation required regarding why not restricting these voting rights to the Province may affect the marketability of the debt under this program.]**

5.04 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[8][28] **[NTD: Discussion required as to how these repayments will be dealt with under the MTI, and in particular, under the waterfall provisions.]**

[7][27] This concept needs to be reflected in the Trust Indenture. This requires further discussion (see NTD above).

[8][28] General Regulation to be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE.

5.05 Representations and Warranties

The Province hereby represents and warrants[29] that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any applicable law;

(c) all necessary action has been taken by the Province including under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations hereunder; and

(d) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[930]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee, but will instead become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. **[NTD: Need to move Article VI**

[29] Province input required.

[930] Further details regarding obtaining of third party consents and rating agency approvals to be considered.

of the Change of Law Process Agreement into this Article VI and amend accordingly.[31] Also, we will need to attach the form of Assumption Agreement as an Exhibit to this Agreement that will be used for the assignment and assumption of all Obligations Secured. Contrary to the statement in Section 6.02(f) of the Change of Law Protection Agreement, there will not be a separate form of Assumption Agreement for each Obligation Secured.[32]]

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize

[31] The idea was to not burden the external agreement with the necessary steps for the Province to be in a position to step-in. If the preference is to include more in this external agreement, the Province will not object subject to further consideration of drafting issues.

[32] It has been assumed that there may be variations depending on the nature of the underlying obligations. A root form of Assumption Agreement, modified to conform substantially to that form in connection with a particular obligation, was the idea. To be further discussed.

the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

7.04 Release of all Collateral[33]

(a) The Indenture Trustee shall not execute instruments to release Collateral from the Security Interest of the Trust Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, unless and until the rights and interests of the Province under Section 5.01 or otherwise as an assignee of any of the Obligations Secured or as a subrogee have been satisfied in full and the Province has no continuing obligations under this Agreement.

(b) The Province shall be entitled to receive at least 10 Business Days' written notice when the Indenture Trustee proposes to take any action pursuant to Subsection 7.04(a), accompanied by copies of any instruments involved.

7.05 Right to Notice and Attend Meetings[34]

The Financing Entity shall ensure that the Province receives advance notice of any meeting or proposed written resolution of Specified Creditors (or any of them) and the Province and its legal advisers shall be permitted to attend and be represented at any meeting of such Specified Creditors.

[Note: Any right to such matters will be the general rights of Specified Creditors[35] as set out in the Trust Indenture.]

[33] Before the Province is called to perform its obligations under this Agreement (only then becoming a Specified Creditor based on the current drafting), the Province needs to know that the Collateral available to it as a subrogee/assignee will be protected. Province may have different interests than Specified Creditors, who may make concessions based on the protections under this Agreement being available to them in lieu of the Collateral.

[34] Again, before the Province is called to perform its obligations under this Agreement (only then becoming a Specified Creditor based on the current drafting), the Province needs information that could affect its future rights as a subrogee/assignee. This is not a voting right; rather just a right to know what is going on. Why a problem?

[35] As explained above, Province needs rights prior to a Protection Event.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**"):

(a) shall be provided by the FSM ~~or~~to the Province ~~to~~and the Indenture Trustee promptly following the occurrence of a Program Breach;

(b) may be provided by the Province to the Indenture Trustee upon the Province becoming aware of the occurrence of a Program Breach; and

(c) ~~(b)~~ may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the ~~Financing Entity~~Limited Guarantee shall not ~~incur~~apply in respect of any ~~new or additional Obligation Secured and shall not amend or terminate any existing Obligation Secured except with the prior written consent of the Province~~Obligation Secured incurred on or after the time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred on or after the time such Suspension Notice is delivered.

8.03 Termination Notice

On the earlier to occur of (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").[36]

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with Article VI.

[36] The suspension right in favour of the Province is intended to allow the Province to cut-off future obligations under this Agreement, but not affect rights that have arisen prior to the suspension notice. The termination notice is a further step that allows the Province to bring this agreement to an end, but that only happens (under section 9.01) after all amounts capable of becoming due under the Limited Guarantee have been paid (i.e., the last obligation incurred prior to the suspension notice has been satisfied), including as a result of an assumption under Art VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

~~[Financing Entity]~~

~~c/o Ontario Power Generation Inc.~~

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

~~[Financing Entity Trustee]~~Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for ~~[Financing Entity]~~
~~[Address]~~Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 ~~Force Majeure~~Intentionally Deleted

~~In no event shall the Indenture Trustee or the Financing Entity Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Financing Entity Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.~~

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement. Beneficiaries are not parties to this Agreement and accordingly any benefits derived hereunder shall arise exclusively through the Indenture Trustee and shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture. **[NTD: Consider merging this section 9.08 with section 1.03.]**

9.09 ~~9.08~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:
By: _____
Name:
Title:

~~**[FINANCING ENTITY TRUSTEE], IN**~~**FAIR HYDRO TRUST, BY ITS** ~~**CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]**~~**MANAGER, ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

~~**[INDENTURE TRUSTEE]**~~**BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL**

CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[10]37 in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

~~["**Administrative Agent**" means OPG, in its capacity as administrative agent of the Financing Entity under the Administrative Services Agreement.]~~

~~["**Administrative Services Agreement**" means the administrative services agreement dated [■], 2017 between the Financing Entity and the Administrative Agent concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Financing Entity.]~~[11]

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of [OPG] under the Process Agreement; or (b) any representation or warranty made by [OPG], any certification made by [OPG] under the Process Agreement, or any certification made by [OPG] in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM, the Administrative Agent or the Manager or actions have been taken

[10]37 Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.

[11] ~~Note: To be confirmed if required.~~

by or on behalf of the Indenture Trustee to remove OPG as the FSM, the Administrative Agent or the Manager.][has the meaning ascribed thereto in the Process Agreement.][38]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

[["**Collection Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.][39]

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

[["**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.]

[["**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.]

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

[38] Consider longer version to avoid hard-coding Process Agreement into this Agreement.
[39] Confirm, vs use of a Protection Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "~~Investment Interest~~investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

~~[~~"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.~~]~~

~~[~~"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.~~]~~[12]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, ~~and acknowledged and~~

[12] ~~Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.~~

~~accepted by~~as may be amended prior to the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured (a) that is a Funding Obligation~~,~~ or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (~~a~~i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; ~~and~~ (~~b~~ii) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (iii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; (iv) any amount payable under a Derivative Agreement in respect of a "termination payment" where the Financing Entity's counterparty under the Derivative Agreement is a "defaulting party" or the sole "affected party" (as such terms are given meaning under the Derivative Agreement); and (v) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and ~~OPG~~[the FSM].

["**Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Program Breach**" means an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement. **[NTD: To be discussed.]**

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Agreement Maximum"** means the dollar amount determined by the Province and of which OPG is provided notice in accordance with the Process Agreement.

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, **[NTD: Further discussion required as to whether the Province controls the OEB for purposes of a Protection Event.]**

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts ~~on~~in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction (i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof,

is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity~~'s receipt of~~ to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, and (ii) issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on Friday, November 10, 2017 12:50:30 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/9
Description	TOR_2528-#23239360-v9-CLPA_-_Protection_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239360/11
Description	TOR_2528-#23239360-v11-CLPA_-_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	237
Deletions	113
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	354

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

FAIR HYDRO TRUST[1], BY ITS MANAGER, ONTARIO POWER GENERATION INC.

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

[1] "Trustee" is the "legal entity". Trustee itself should sign all primary documents to make "manager" delegation meaningful and to avoid invalidating the Trust as a "trust".

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), Ontario Power Generation Inc., as the Manager and in its capacity as Manager of Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc. in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada, as Indenture Trustee and in its capacity as trustee for the Beneficiaries in accordance with the Trust Indenture, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust[2] dated as of ■, 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

The FSM, as agent of the Financing Entity Trustee, in its capacity as trustee of the Financing Entity, and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province of Ontario, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

[2] See OFHPA, definition of "financing entity". FSM to establish or cause to be established. Needed for authority under OFHPA 5(3), among other things.

The FSM[3] and the Province will concurrently enter into the Process Agreement, under which the FSM will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the FSM[4] and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor, [except in each case as referenced in the definition of Protection Event][5];

[3] Need to confirm parties to the Process Agreement. OPG, acting as FSM, implies potential limitation on OPG's liability.

[4] Deletion of the Trust as a party is unacceptable since would impact Province's rights against Trust's assets (e.g., as a subrogee).

[5] Covered in preamble, so delete.

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.[6]

1.03 ~~1.02~~ Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province

[6] Enforcement of the Limited Guarantee under this Agreement must be limited to enforcement by the Indenture Trustee on behalf of the Beneficiaries. The Trust Indenture should deal with the manner and limitations on the Indenture Trustee's actions with respect to enforcement.

with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 ~~1.03~~ Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture. No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.[7]

1.05 ~~1.04~~ Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other Funding Obligation Agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province upon performance by the Province of the Primary Obligation. [To the extent of any conflict between this Agreement and the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail.][8]

1.06 ~~1.05~~ Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 ~~1.06~~ Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 ~~1.07~~ Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable

[7] There is no intention to provide a separate cause of action for individual Beneficiaries.

[8] Explanation required. Indemnity is a separate cause of action and should not limit the Province's primary entitlements under this Agreement, opposite the Trust and the Indenture Trustee. If an override in favour of OPG is contemplated, that should be clearly set out and understood. This provision confuses concepts. In any event, the Trust is not a party to or a protected person under the indemnity.

with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 ~~1.08~~ Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 ~~1.09~~ Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 ~~1.10~~ Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 ~~1.11~~ Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 ~~1.12~~ Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 ~~1.13~~ Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 ~~1.14~~ Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 ~~1.15~~ Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (ii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 ~~1.16~~ Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 ~~1.17~~ References to Acts of the Financing Entity

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to the Financing Entity, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the FSM as agent for the Financing Entity Trustee (in its capacity as trustee of the Financing Entity). **[NTD: Discuss whether the Financing Entity Trustee should be a party to this Agreement and references to the Financing Entity Trustee re-inserted into this section and others.]**[9]

[9] Otherwise validity of Trust obligations becomes questionable and opinion qualifications would become likely. Revert to Blakes language.

1.19 ~~1.18~~ Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Province shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.19 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**"), to the Province requiring the Province to pay the amount of the Approved Obligations ~~owing~~[that would have been payable from Available Collections had the Protection Event not occurred][10][owing][11] from time to time by the Financing Entity to the Indenture Trustee as and

[10] The amount "owing" under an obligation (i.e., balloon) will different from the amount available to be paid in respect of such owed amount (based on Available Collections). The Province is not obligated to pay more than the obligations that would have been paid from CEAs had they been collected. This language is an alternative to the simple drafting approach contemplated in the term sheet ("without acceleration"), and is more complex. It would also make the new "additional amount" (i.e., extra amounts up to the FAA) part of the Province's obligations, which has not been contemplated by the OFA to date and will need to be considered separately.

[11] This would mean that the entire amount of the Notes would become payable, as a balloon. That is not the deal.

when they become due and payable[1][, without Acceleration][12]. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation[, without Acceleration,][13] in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts ~~owing~~[that would have been payable from Available Collections had the Protection Event not occurred] [owing] by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[2][14], in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation, in each case by the Province depositing or causing the deposit of the applicable payment amount into the [Protection Account][15] [5 Business Days prior to the fifteen day of each calendar month][16] (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation, including (i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event, and (ii) amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account or a Supplemental Reserve Account.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

[1] ~~Consider~~[12] This is a simpler and preferred formulation for the relevant concept. Also, consider mechanics for notifying the Province regarding the specific amounts payable and their due dates. Consider attaching a detailed schedule of payments under the Payment Demand and the respective due date of each payment.

[13] If alternative approach is preferred (as described above), this will also need to be modified.

[2][14] Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations", which in turn relies on the definition of Primary Obligations. The connection between a Primary Obligations and an "investment interest" is therefore crucial. Blakes is considering how to more precisely connect these concepts.

[15] Addition of Protection Account step will require further consideration. Province needs to see how the Trust Indenture will be modified to address this mechanically (i.e., part of the Collateral; mechanics of how funds move to Collection Account; equitable claims; etc. Province will need to know that all amounts will be applied for their intended purposes without undermining Province's step-in and subrogation rights).

[16] Delete. Province will pay on the date amounts would have otherwise been paid; not in advance.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

2.02 ~~Gross-up~~Intentionally Deleted.

~~All amounts payable by the Province under this Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Province is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Province shall deposit into the Protection Account such additional amount as is necessary to ensure that the Indenture Trustee receives (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise due and payable in respect of the related Approved Obligation, net of any such taxes, charges, fees, levies, duties or withholdings.~~

2.03 Absence of Set-off

The Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Protection Account[17] in Satisfaction

(a) [On or before the date of delivery of a Payment Demand to the Province, the Indenture Trustee shall cause to be established and maintained an Eligible Deposit Account (the "**Protection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Beneficiaries. The Protection Account shall be under the control of the Indenture Trustee for the benefit of the Beneficiaries. If, at any time, the institution holding the Protection Account ceases to be an Eligible Institution, the FSM shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the FSM on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Protection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Protection Account to such new Protection Account. From the date each such new Protection Account is established, it shall be the "Protection Account." for purposes of this Agreement. Funds credited to the Protection Account will be invested and held in accordance with Section 7.03 of the Trust Indenture as if it were an Issuer Account.]

[17] Use of Protection Account to be considered by Province after required modifications to Trust Indenture have been provided.

(b) Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Protection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation. Upon a payment having been made by or on behalf of the Province into the Protection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable ~~under~~to such Beneficiaries in respect of the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[~~3~~18]. For greater certainty, the obligations arising in respect of the Approved Obligation shall not be reduced by such payment as the Province shall become entitled to the rights contemplated under Section 5.01 in relation to such continuing obligations.

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety. ~~**[NTD: Further consideration required as to whether there should be a waiver of any other equitable defences.]**~~

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

[~~3~~18] Consider how Beneficiary rights under Obligations Secured will be amended under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a corresponding provision should appear in the Trust Indenture and each other contract under which the Obligation Secured arises, to the effect that the Beneficiaries will be deemed to be bound by the agreement of the Indenture Trustee under this Agreement. Please see our addition in Section 9.08. The Specified Creditors already make the necessary acknowledgement in Article 5 of the Trust Indenture. Isn't this also addressed in section 1.03 above?

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations ~~and termination of the Trust Indenture~~, or until the Province is no longer required to provide and perform the Limited Guarantee in accordance with Section 6.03.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine~~.~~,

provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement,

suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if the Adherence Conditions applicable thereto have been satisfied.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured; and

(b) ~~**[NTD: already covered in process certificate in section 3.01 of the Process Agreement]**~~at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments[19] under the Primary Obligation, together with all other outstanding amounts due or becoming due in the

[19] Use of the concept of "repayments" under the OFHPA for this purpose is under consideration.

future in respect of Repayments under Approved Obligations, do not exceed the Protection Agreement Maximum;[20]

(c) ~~[NTD: already covered under Process Agreement.]~~the FSM delivers a notice to the Indenture Trustee, with a copy to the Province, one Business Day prior to the incurrence or any amendment of the Primary Obligation, setting out the Protection Agreement Maximum;

(d) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG [and, for clarity, such certificate is to be provided in OPG's capacity as FSM][21]) and addressed to the Indenture Trustee and the Province[22], one Business Day prior to the earlier of (i) one Business Day prior to the incurrence or any amendment of the Primary Obligation, and (ii) on the Business Day on which the financial terms of the Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), ~~confirming that the FSM has delivered to the Province a Process Certificate in accordance with Section [3.01] of the Process Agreement; and~~setting out the following with respect to the Primary Obligation:

i. confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation (if any), together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not and will not exceed the Protection Agreement Maximum[23]; and

ii. confirmation that [the FSM has delivered to the Province a certificate in accordance with the Process Agreement confirming, among other things, that the transaction documents in respect of the Primary Obligation are in substantially the form of the documentation reviewed by the Province][the FSM has delivered

[20] Province needs this to be part of the adherence process opposite the indenture trustee. Since the PAM will be objectively determined and within the knowledge of the indenture trustee (as contemplated in para (c)), this should not raise practical constraints. This is analogous to current procedures undertaken in connection with the incurrence of provincial obligations, where the conditions to issuance involve specific affirmation that the issuance is within the prescribed borrowing limit.

[21] OPG's capacity in certifying is under consideration, having regard to the inherent limitations associated with actions undertaken as FSM.

[22] Certificate is intended as Province's closing due diligence and so needs to be addressed and delivered to Province. Otherwise Province will need to become directly involved in the closing process. Province is prepared to rely on OPG for this purpose to accommodate OPG's logistical concerns, but that does not mean that Province can be removed from the closing process altogether, without the benefit of these required affirmations.

[23] Province wants OPG to specifically confirm this at the time of closing, to support the Province's reliance on OPG for this critical purpose.

to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement][24]; and

(e) the Province has not provided a Suspension Notice to the Indenture Trustee[25], the FSM and the Financing Entity in accordance with the terms of this Agreement.

(f)

(g) , confirming that the FSM has delivered to the Province a Process Certificate in accordance with Section **[3.01]** of the Process Agreement; and

(h) ~~(e)~~ **[NTD: This is more properly dealt with in Section 8.02 of this Agreement.]**.

4.03 Evidence of Satisfaction

A closing certificate delivered in accordance with Section 4.02 in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defective or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
PROVINCE MATTERS

5.01 Assignment and Subrogation

(a) Upon paying an amount in respect of an Approved Obligation:

i. to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or

ii. ~~[~~as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI,~~]~~ **[NTD: This requires further discussion depending on the terms of the assignment and assumption agreement. If the Obligations Secured are assigned and assumed by the Province under Article VI, how would the Province be subrogated and entitled to the Beneficiary's rights and interests under the Approved**

[24] The intention was not to incorporate specific terms of the Process Agreement into the Protection Agreement, to avoid the need for investors, relying on the Protection Agreement, to be concerned about its contents. If there is a preference to hard-code the Process Agreement in the Protection Agreement, the Province will not object but further drafting considerations will arise.

[25] Province wants this mechanic embedded in the adherence conditions so it is explicitly understood and mechanically contemplated as the way the Province can cut-off future Limited Guarantees opposite the indenture trustee.

Obligation? Consider limiting the application of this section 5.01 to the Limited Guarantee.] [26]

the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (i) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved Obligation applicable in respect of the payment under the Trust Indenture, (ii) the benefits of the related Collateral and (iii) all proceeds therefrom. ~~Subject to Section 5.01(b), the~~The Province shall have and be entitled to enforce all rights and interests (including as a Specified Creditor under the Trust Indenture~~)~~ on the basis contemplated in Section 5.01(b)), under and in respect of such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. ~~Subject to Section 5.01(b), the~~The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including~~, if applicable, as a Noteholder~~ as a Specified Creditor under the Trust Indenture on the basis contemplated in Section 5.01(b)) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

(b) ~~the~~The Province (i) acknowledges and agrees in favour of the Indenture Trustee that, upon being subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation in accordance with Section 5.01(a), the Province~~ will be a Specified Creditor hereunder and its entitlements~~, in its capacity as a Specified Creditor~~ are~~, will be subject to the provisions applicable to Specified Creditors under the Trust Indenture, including~~, without limitation,~~ **[Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition) thereof]**~~, (ii) irrevocably authorizes and directs the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the~~

[26] The idea is that if the Province steps in and becomes the obligor, it will get all of the underlying interests in the Trust's property (i.e., "interests … in respect of the Approved Obligation" = collateral). If this seems confusing, a parallel provision can be added to Art VI to address the step-in scenario specifically. Discussion of any concerns will be useful.

~~priority arrangements provided for in **[Article VI and Sections 7.04 and 8.13 of the Trust Indenture]**, (iii) appoints the Indenture Trustee as its agent for any and all such purposes, and (iv~~ and (ii) confirms that the Indenture Trustee shall send notices to the Province, in its capacity as a Specified Creditor, in accordance with Section 9.02.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Voting Rights under "Outstanding Notes"

[Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[427]:

(a) **Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and**

(b) **in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.] [NTD: To be discussed. ~~Giving~~Explanation required regarding why not restricting these voting rights to the Province may affect the marketability of the debt under this program.]**

5.04 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the

[427] This concept needs to be reflected in the Trust Indenture. This requires further discussion (see NTD above).

Obligations Secured subject to Sections **[7.04 and 8.13]** of the Trust Indenture and constitute a Finance Amount.[528] **[NTD: Discussion required as to how these repayments will be dealt with under the MTI, and in particular, under the waterfall provisions.]**

5.05 Representations and Warranties

The Province hereby represents and warrants[29] that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any applicable law;

(c) all necessary action has been taken by the Province including~~, without limitation,~~ under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations hereunder; and

(d) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms.

ARTICLE VI
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

Following the occurrence of a Protection Event, the Province may provide notice (in the form of Exhibit B) to the Indenture Trustee, in accordance with the terms of the Process Agreement, that the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use best efforts to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[630]

[528] General Regulation to be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE.

[29] Province input required.

[630] Further details regarding obtaining of third party consents and rating agency approvals to be considered.

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee but will instead ~~be~~become a primary obligor under the Obligations Secured assumed pursuant to and in accordance with an applicable Assumption Agreement. **[NTD: Need to move Article VI of the Change of Law Process Agreement into this Article VI and amend accordingly.[31] Also, we will need to attach the form of Assumption Agreement as an Exhibit to this Agreement that will be used for the assignment and assumption of all Obligations Secured. Contrary to the statement in Section 6.02(f) of the Change of Law Protection Agreement, there will not be a separate form of Assumption Agreement for each Obligation Secured.[32]]**

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

[31] The idea was to not burden the external agreement with the necessary steps for the Province to be in a position to step-in. If the preference is to include more in this external agreement, the Province will not object subject to further consideration of drafting issues.

[32] It has been assumed that there may be variations depending on the nature of the underlying obligations. A root form of Assumption Agreement, modified to conform substantially to that form in connection with a particular obligation, was the idea. To be further discussed.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

7.04 Release of all Collateral[33]

(a) The Indenture Trustee shall not execute instruments to release Collateral from the Security Interest of the Trust Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, unless and until the rights and interests of the Province under Section 5.01 or otherwise as an assignee of any of the Obligations Secured or as a subrogee have been satisfied in full and the Province has no continuing obligations under this Agreement.

(b) The Province shall be entitled to receive at least 10 Business Days' written notice when the Indenture Trustee proposes to take any action pursuant to Subsection 7.04(a), accompanied by copies of any instruments involved.

7.05 Right to Notice and Attend Meetings[34]

The Financing Entity shall ensure that the Province receives advance notice of any meeting or proposed written resolution of Specified Creditors (or any of them) and the Province and its legal advisers shall be permitted to attend and be represented at any meeting of such Specified Creditors.

[33] Before the Province is called to perform its obligations under this Agreement (only then becoming a Specified Creditor based on the current drafting), the Province needs to know that the Collateral available to it as a subrogee/assignee will be protected. Province may have different interests than Specified Creditors, who may make concessions based on the protections under this Agreement being available to them in lieu of the Collateral.

[34] Again, before the Province is called to perform its obligations under this Agreement (only then becoming a Specified Creditor based on the current drafting), the Province needs information that could affect its future rights as a subrogee/assignee. This is not a voting right; rather just a right to know what is going on. Why a problem?

[Note: Any right to such matters will be the general rights of Specified Creditors[35] as set out in the Trust Indenture.]

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**"):

(a) shall be provided by the FSM to the Province and the Indenture Trustee promptly following the occurrence of a Program Breach;

(b) may be provided by the Province to the Indenture Trustee ~~promptly following~~upon the Province becoming aware of the occurrence of a Program Breach; and

(c) ~~(b)~~ may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the occurrence of a Breach Event that has not been waived in writing by the Province.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), ~~this Change of Law Protection Agreement~~the Limited Guarantee shall not apply in respect of any ~~new Primary~~ Obligation ~~following~~Secured incurred on or after the ~~date of such Suspension Notice. **[NTD: Deletion of "or additional" is address the situation where a then current Primary Obligation requires an additional Primary Obligation in accordance with its terms of the MTI.]**~~time such Suspension Notice is delivered. For greater certainty, the rights of the Province under Article VI shall apply in respect of all Obligations Secured, including if incurred on or after the time such Suspension Notice is delivered.

8.03 Termination Notice

On the earlier to occur of (a) the occurrence of a Suspension Event or (b) the Assumption Effective Date, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**"). ~~Upon the delivery of such Termination Notice, the Province shall assume the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI **[NTD: If the Province terminates the program, it must assume the obligations of the Financing Entity.]**~~[36]

[35] As explained above, Province needs rights prior to a Protection Event.

[36] The suspension right in favour of the Province is intended to allow the Province to cut-off future obligations under this Agreement, but not affect rights that have arisen prior to the suspension notice. The termination notice is a further step that allows the Province to bring this agreement to an end, but that only happens (under section 9.01) after all amounts capable of becoming due under the Limited Guarantee have been paid (i.e., the last obligation incurred prior to the suspension notice has been satisfied), including as a result of an assumption under Art VI.

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event, nor will it in any way impact the Obligations Secured which are assumed by the Province in accordance with ~~this Agreement~~Article VI.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the ~~[~~later~~]~~ of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and ~~the Trust Indenture has been terminated;~~

(b) ~~**[subject to Section 8.04,] [NTD: Should this clause subject to section 8.04?]** following receipt of~~the date that a Termination Notice ~~from the Province~~delivered in accordance with Section 8.03 is received by the Indenture Trustee, the FSM and the Financing Entity~~, the Assumption Effective Date being the date that the Province has assumed the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI; and~~.

~~(c) **[subject to Section 8.04,] [NTD: Should this clause subject to section 8.04?]** following receipt of an Assumption Notice from the Province by the Indenture Trustee, the Assumption Effective Date being the date that the Province has assumed the Obligations Secured of the Financing Entity as primary obligor pursuant to ARTICLE VI.~~

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other

communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

Fair Hydro Trust

700 University Avenue

Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as Financing Entity Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Attention: [■]
Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.

700 University Avenue

Toronto, Ontario M5G 1X6

Attention: [■]

Fax: (416) [■]

Email: [■]

(c) if to the Province:

Ministry of Finance

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties, except as otherwise provided for herein.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.07 Intentionally Deleted

9.08 Third Party Rights

This Agreement is not intended to create rights for any Person not party to this Agreement~~ and all such Persons who are Beneficiaries derive their rights~~. Beneficiaries are not parties to this Agreement and accordingly any benefits derived hereunder shall arise exclusively through the Indenture Trustee and ~~such rights are~~shall be subject to the provisions applicable to Specified Creditors in the Trust Indenture. **[NTD: Consider merging this section 9.08 with section 1.03.]**

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:

By: _____
Name:
Title:

FAIR HYDRO TRUST, BY ITS MANAGER, ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[737] in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Available Collections**" has the meaning ascribed thereto in the Trust Indenture.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" [means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of [OPG] under the Process Agreement; or (b) any representation or warranty made by [OPG], any certification made by [OPG] under the Process Agreement, or any certification made by [OPG] in a certificate contemplated by Section 4.03 of this Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM, the Administrative Agent or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM, the Administrative Agent or the Manager.][has the meaning ascribed thereto in the Process Agreement.][38]

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

[737] Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.

[38] Consider longer version to avoid hard-coding Process Agreement into this Agreement.

"**Change of Law Protection Agreement**" means this Agreement.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

["**Collection Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.][39]

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

["**Eligible Deposit Account**" has the meaning ascribed thereto in the Trust Indenture~~.~~ as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.]

["**Eligible Institution**" has the meaning ascribed thereto in the Trust Indenture~~.~~ as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.]

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation.

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

[39] Confirm, vs use of a Protection Agreement.

"**Funding Obligation Agreement**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Issuer Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.

"**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, as may be amended prior to the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.19(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured ~~that is a Funding Obligation or otherwise constitutes a Finance Amount~~ (a) that is a Funding Obligation or (b) that otherwise is a payment obligation of the Financing Entity that gives rise to a Finance Amount, in each case other than (i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; (ii) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account; (iii) any amounts that would be remaining amounts of Available Collections required by the to be held in the Collection Account for distribution on a succeeding Payment Date pursuant to the Trust Indenture; (iv) any amount payable under a Derivative Agreement in respect of a "termination payment" where the Financing Entity's counterparty under the Derivative Agreement is a "defaulting party" or the sole "affected party" (as such terms are given meaning under the Derivative Agreement); and (v) any obligation to pay the Trust or on the Trust's direction any remaining amounts of Available Collections.

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and [the FSM].

[["**Process Certificate**" has the meaning ascribed thereto in Section 3.01 of the Process Agreement.]]

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Program Breach**" means ~~[~~an acceleration of Funding Obligations in accordance with the provisions of the Trust Indenture~~]~~ or an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.~~]~~ **[NTD: To be discussed.]**

"**Protection Account**" has the meaning ascribed to such term in Section 2.04(a).

"**Protection Agreement Maximum"** means the dollar amount determined by the Province and of which OPG is provided notice in accordance with the Process Agreement.

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) the implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, **[NTD: Further discussion required as to whether the Province controls the OEB for purposes of a Protection Event.]**

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction (i) determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts in respect of its Investment Interest so that it can pay Obligations Secured, ~~or~~and (ii) issues a decision or an order preventing the Financing Entity from receiving amounts on its Investment Interest, in each case that results in the Financing Entity not having sufficient funds to pay Obligations Secured that have become due and payable.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency Condition**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.19(b).

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

EXHIBIT E

FORM OF ASSUMPTION AGREEMENT

Document comparison by Workshare Compare on Friday, November 10, 2017 12:40:44 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239360/10
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Document 2 ID	PowerDocs://TOR_2528/23239360/11
Description	TOR_2528-#23239360-v11-CLPA_-_Protection_Agreement
Rendering set	Standard

Legend:	
Insertion	
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~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	197
Deletions	98
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	297

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.[, AS FINANCIAL SERVICES MANAGER][1]

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

[1] Province to consider whether liability of OPG should be primary, or subject to the inherent limitations (e.g., duty/standard of care) implied by its role as FSM. Primary responsibility for the 'behind the scenes obligations' contemplated in this Process Agreement would be more meaningful to the extent that potential corporate liability promotes compliance .

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**")[, as Financial Services Manager for the Financing Entity in accordance with the Act,] is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.[1][2]

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

Prior to entering into this Agreement, [the FSM] provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to [the FSM] that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.

This Agreement sets out the obligations [the FSM] has agreed to perform and assurances [the FSM] has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of [the FSM], and of the Province in accordance with the Act, have been done.

[1][2] Note: This draft only addresses the first Financing Entity. If additional financing entities are established, revisions to this Agreement may be made at that time, in context. Any additional financing entities contemplated should be as contemplated in the Financing Plan.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor, [except in each case as referenced in the definition of Protection Event];

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the [FSM, as agent of the][3] Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

[3] Validity considerations if FSM effects primary agreements that in turn define the scope of its authority.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.01 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF THE FSM

2.01 Deliveries to the Province[4]

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, the FSM shall deliver to the Province a copy of the initial Financing Plan. Thereafter, the FSM shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used or (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, the FSM shall deliver to the Province a copy of such proposed change or, supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, the FSM shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(d) Promptly upon request, the FSM shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) The FSM shall [use commercially reasonable efforts to][5] cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

[4] Province to consider OPG's proposed deletion of fallback (non-PILs) access to tax information for the Trust.
[5] Province to consider lower standard for compliance proposed by OPG, particularly (ii) to (v).

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; ~~or~~

(B) consent to the resignation of the Manager under the Management Agreement;

(C) consolidate or merge with or into any other Person;

(D) ~~(B)~~ permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired;

(E) permit any Lien (other than the Security Interest) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(F) sell, transfer, exchange or otherwise dispose of any of the Collateral, other than as expressly permitted by the Trust Indenture;

(G) release any security or guarantee in respect of the Collateral other than as expressly permitted by the Trust Indenture; or

(H) voluntarily dissolve or liquidate.

(b) The [FSM shall use commercially reasonable efforts to][6]:

(i) comply, and to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto; ~~and~~

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation;

(iii) ~~(ii) to,~~ after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any

[6] Province to consider lower standard for compliance proposed by OPG.

other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected; and

(iv) ensure that any disclosure (including any Disclosure Document, press release or other written communication intended for dissemination to third parties) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement will be subject to the prior review of the Province and such disclosure will not be made (and any such Disclosure Document shall not be used and any such press release or other written communication shall not be issued) without the prior written consent of the Province, in each case unless such disclosure is substantially the same as a disclosure previously made and for which the Province had previously provided its written consent under this Subsection 2.02(b)(iv).

(c) [Nothing in this Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 and to the extent of any conflict between this Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify the FSM or the Financing Entity, the latter shall prevail. For clarity, OPG's obligations under this Agreement are solely in its capacity as the FSM.][7]

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

The FSM shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of the FSM (or their respective designees, provided that such designees are also executive officers of the FSM) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Primary Obligation, and (ii) on the Business Day on which the financial terms of such Primary Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Primary Obligation:

(a) the material terms of the Primary Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

[7] Province to consider interaction of this Agreement with the OPG indemnity. To the extent that OPG is indemnified, the impact of OPG non-compliance is significantly reduced to the extent that liability considerations are relevant to OPG.

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; [for clarity, Repayments shall not include any payments or outstanding amounts due or becoming dues in the future in respect of any Primary Obligations arising under or in connection with a Derivative Agreement].[8]

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the certificate referred to in Subsection 4.02(d) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to the FSM; and

[8] This requires further consideration. This could cut both ways to the extent non-CAD deals are done and the FX is hedged.

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to the FSM.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation [that would be adverse to the Issuer][9], including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; ~~and~~

(b) with respect to the Reviewed Documentation referred to in clauses (v) to (ix) of the definition of "Transaction Documents", and, where applicable, clauses (x) and (xi) of the definition of "Transaction Documents" as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of the Primary Obligations arising thereunder and as to the timing, conditions and circumstances in which payment obligations under such Primary Obligations may arise, but without regard to the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(c) ~~(b)~~ with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

[9] Province to consider if OPG should be empowered to make this qualitative judgment on behalf of the Province.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum[10]

(a) [Not less than [■] Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum which shall be based on the Initial Forecast.

(b) Not more than [■] Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province shall confirm its agreement with the initial Protection Agreement Maximum or if the Province does not agree with the determination of the initial Protection Agreement Maximum, which disagreement may only be on the basis that the Initial Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will discuss and address any inaccuracies in the Financing Plan to the reasonable satisfaction of both parties, and the initial Protection Agreement Maximum will be revised accordingly.]

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a

[10] Province to consider OPG's proposal for Program Agreement Maximum. In effect, the discretion of the Province is removed and the limiter is tied directly to OPG's forecast (to be consistent with the financing plan required by the Act). This means that the Province has no independent escape hatch to limit its potential fiscal exposure under the Protection Agreement. As discussed, the actual exposure will depend on the determinations to use the IESO sale mechanics to fund shortfalls – in other words, if IESO were to not sell investment interests, then the corresponding funding obligations subject to the Protection Agreement would not arise. Note that the financing plan is almost entirely within OPG's discretion and is based on long-term estimates that assume maximum use of the IESO sale mechanics. Has the Province confirmed that committing to this arrangement for the term (30 years) of the OFHPA, without a limiter that is within the Province's control, will not result in a huge contingent liability being booked in the Province's accounts (i.e., maximum fundings for 30 years)? Has the Province determined whether there are other internal governance reasons to require an escape hatch for the purposes of its fiscal management purposes? Note that Protection Events are not all within the Government's control (e.g., *ultra vires* and invalidity issues).

"**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum based on such Forecast.

(d) Not more than [■] Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province shall confirm its agreement with the revised Protection Agreement Maximum or if the Province does not agree with the determination of the revised Protection Agreement Maximum, which disagreement may only be on the basis that the further Forecast does not accord with the Financing Plan and not on any other basis, the Province and OPG will discuss and address any inaccuracies in the Financing Plan to the reasonable satisfaction of both parties, and the revised Protection Agreement Maximum will be revised accordingly.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of the FSM

The FSM represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, shall [use commercially reasonable efforts to] cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

[OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto and to own its property and carry on its business as currently conducted.

OPG has been validly appointed, and has irrecovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.][11]

[11] Province to consider carve back of OPG reps and liability issues with role as FSM only.

(c) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation of [the Financing Entity enforceable against the Financing Entity][12] in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(d) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(e) [There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG (including in its capacity as the FSM) or the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or the Financing Entity or in the ability of OPG or the Financing Entity to perform their respective obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.][13]

(g) ~~(e)~~ The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) [Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or

[12] Focus was on OPG. They shifted it to the Trust.
[13] Province to consider carve back of OPG reps and liability issues with role as FSM only.

instruments to which OPG is a party or by which it or any of its property and assets are bound.][14]

(i) [No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.] [15]

5.02 Representations and Warranties of the Province[16]

The Province hereby represents and warrants that:

(a) the Province has the necessary power, authority and capacity to execute and perform its obligations under this Agreement;

(b) the execution, delivery and performance by the Province of this Agreement does not and will not result in a violation of any applicable law;

(c) all necessary action has been taken by the Province including, without limitation, under sections 5(2) and 5(3) of the Act and section 28(1.1) of the *Financial Administration Act*, R.S.O. 1990 c. F. 12, to authorize the execution and delivery of this Agreement by the Province and the performance by the Province of its obligations hereunder; and

(d) this Agreement has been duly authorized, executed and delivered on behalf of the Province and is a legal, valid and binding obligation of the Province, enforceable against it in accordance with its terms.

[14] Deleted by OPG. Province to consider.
[15] Deleted by OPG. Province to consider.
[16] Province to consider OPG's request for these representations. Does the Province make these sorts of representations in a commercial agreement? To the extent that the Province makes a statement (such as 5.02(d)) that is not caveated by the usual considerations applicable to a Crown obligation, the parallel rep requested in the Protection Agreement could be held out as a misstatement and itself provoke a "Protection Event" – suggesting that these sorts of "nice to have" reps from the Province will be more work (and potentially dangerous) than they are worth.

ARTICLE VI
ELECTION[17] TO ASSUME APPROVED OBLIGATIONS[2][18]

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly complete and deliver to the FSM a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to the FSM (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to the FSM, the FSM shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

[17] Province to consider OPG's proposal to move Art VI to the Protection Agreement. The approach taken originally was motivated by the desire to keep the details and plumbing out of the "external" document. If we move toward putting all of this into the Protection Agreement, it will raise additional drafting issues (e.g., we will have to have a parallel "Breach Event" concept in the Protection Agreement that will deal with these sorts of undertakings and allow for a suspension of the Limited Guarantee), but should otherwise be fine in principle.

[2][18] Note to Province/Blakes: Article 6 to be moved and merged with Article 6 of the Change of Law Protection Agreement with appropriate revisions. It is more appropriate in that agreement. See also the comments in Article 6 of the Change of Law Protection Agreement.

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) the form of Assumption Agreement in respect of the assignment and assumption of all Obligations Secured is attached as Exhibit E to the Change of Law Protection Agreement.[3][19]

6.03 Settlement of Terms

Within 20 Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

6.04 Cooperation to Implement the Assignment and Assumption

The FSM shall cooperate with the Province and will [use commercially reasonable efforts to][20] cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.[4][21]

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, the FSM will use commercially reasonable efforts to cause the Financing Entity to, [use commercially reasonably efforts to] ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts~~; provided that, this Section 6.05 shall not apply to any Obligations Secured~~, other than to the extent of payment obligations arise under

[3][19] Note to Province: A form of global Assumption Agreement for all Obligations Secured is required. It is impractical to have an assumption agreement for each type of Obligation Secured. Province: We can be guided by OPG on this, but it seems simplistic to think that the same assumption agreement will work for swaps, debt and service obligations. Ultimately, this is a mechanics point.

[20] Province to consider scope of commitment.

[4][21] Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.

market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement.[522]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of the FSM under this Agreement [which continues for sixty (60) days after written notice by the Province to the FSM of such default or breach][23];

(b) any representation or warranty made by the FSM in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section 4.03 of the Change of Law Protection Agreement, proves to be incorrect on the date made [and, if curable, is not cured within sixty (60) days after written notice by the Province to the FSM of such misrepresentation][24]; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager. **[NTD: The FSM is a statutory role and OPG can only be removed as FSM by the Province.]**[25]

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to the FSM, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, the FSM and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

[522] Note: The Trust Indenture will need to include a clause providing that the obligations of the Financing Entity to the Indenture Trustee and the Noteholders may be assigned to the Province in accordance with an assumption agreement, substantially in the form set out in an exhibit to the Trust Indenture. **[NTD: The form of Assumption Agreement shall be an exhibit to the Change of Law Protection Agreement (consistent with our comment to move Article 6 here to the Change of Law Protection Agreement). We will add the following to the MTI to otherwise address your comment: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured pursuant to Sections 5.01(f) and 5.03(b) of the MTI, and (ii) we will add language in section 11.01 of the MTI that allows the Indenture Trustee to enter into the global Assumption Agreement without the consent of Specified Creditors.]**

[23] Province to consider proposed 60 day cure period. This is an extraordinary suggestion and if accepted would greatly weaken the Province's ability to address a problem in the unlikely event one comes up with OPG.

[24] Extraordinary suggestion by OPG – weakens Province.

[25] This should be considered. If true, it is unclear why that should make a difference – in terms of enabling the Province to cut-off its forward obligations in the event of a fundamental problem or circumstance (change of control) that leads to a replacement of OPG as FSM.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]

Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Intentionally Deleted[626]

8.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

[626] To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province. **[NTD: The existence and details of this Agreement and the Change of Law Protection Agreement cannot be confidential. It will need to be disclosed to the Rating Agencies and to potential investors.][Province: That circle should still be protected through carve-outs from ordinary non-disclosure terms and conditions. Province to consider if confidentiality is a concern. It was included as a consideration in the term sheet.]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC., [SOLELY][27] AS FINANCIAL SERVICES MANAGER TO THE FINANCING ENTITY

By: _____

Name:
Title:

By: _____

Name:
Title:

[27] Unusual. OPG is trying to incorporate inherent limitations applicable to an agency relationship.

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

FAIR HYDRO TRUST, BY ITS MANAGER, ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount [referenced as the Program Agreement Maximum in accordance with Article IV].

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture

Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION NOTICE

Document comparison by Workshare Compare on Friday, November 10, 2017 12:39:56 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/8
Description	TOR_2528-#23239361-v8-CLPA_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/9
Description	TOR_2528-#23239361-v9-CLPA_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	137
Deletions	33
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	172

From: Ronald Kwan
To: Anna Strathy
Subject: RE: Provincial Protection and Process Agreements, Review | OFA, Energy, Legal Counsel, Blakes
Date: Monday, December 04, 2017 6:37:27 PM

Hi Anna,

I was at a briefing for the Minister at this time.

How did it go?

Ron

-----Original Appointment-----
From: Anna Strathy
Sent: December-04-17 14:36
To: Ken Kandeepan; Ronald Kwan; Mike Manning; John Kim; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Malle Hanslep (MOF); ASHBOURNE, STEPHEN; JACKSON, ADAM; PRESTAGE, JA; VINER, JON (JON.VINER@blakes.com); Tobias P. Whitfield (MOF); Steen Hume (CAB); Hilary Cox (ENE); Tim Christie (ENERGY); Daniel Cayley (ENERGY); John Psinas
Subject: Provincial Protection and Process Agreements, Review | OFA, Energy, Legal Counsel, Blakes
When: December-04-17 14:30-15:00 (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Teleconference only. The Executive Boardroom is booked.

From:	Anna Strathy
To:	Jonathan Tekle (CAB); Keley Katona (ENERGY); Anthony Reiss (MGS)
Cc:	Ken Kandeepan; Ronald Kwan
Subject:	RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Wednesday, September 20, 2017 3:28:41 PM
Attachments:	MOF Briefings_OFHP_Protection Agreement_v11.pptx

And here is the updated deck – only change is to slide 6 – the peak debt and IOD #s. We will use this version for the DM/Minister briefing tomorrow.

Anna

From: Anna Strathy
Sent: Wednesday, September 20, 2017 3:26 PM
To: James Strang (MOF) <James.Strang@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>
Cc: 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'Hosick, Sarah (TBS)' <Sarah.Hosick@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi James, Jonathan,

At this morning's 8am meeting with Energy, Deputy Thompson requested a few small tweaks to the submission prior to Minister Sousa's briefing tomorrow. Please find attached, a clean and track-change version of the updated submission.

In addition to the Deputy's comments, we have also updated the peak debt estimate (and associated IOD costs) to reflect the latest information provided by the Ministry of Energy.

Happy to discuss.

Thanks, Anna

From: Anna Strathy
Sent: Wednesday, September 20, 2017 11:00 AM
To: James Strang (MOF) <James.Strang@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC)

<Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi James,

Please find attached, consolidated comments and edits from the OFA, Energy, and MOF Legal, as well as responses to your questions, below.

Please don't hesitate to contact me should you have any questions.

Thanks, Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Tuesday, September 19, 2017 9:36 AM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi,

Attached is a draft TB/MBC note based on draft submission version 8 (also attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.

Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

- Draft sub takes about a Change of Law Protection Agreement and identifies three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify. The working title of the agreement is the Provincial Protection Agreement; however it is still subject to change.

- Regarding the third trigger, is this in or out? If in, is there any consideration being given to the Province to narrow the very broad scope? The third trigger is in and it's been narrowed to ensure only a change that adversely impacts the ability of the Financing Entity to collect payments would trigger the protection agreement.

- What are derivative agreements? Payments under derivative agreements? Derivatives agreements are financial contracts entered into by parties to hedge financial risk associated with borrowing for example. In this particular circumstances, the Financing Entity might enter into interest rate swap agreements to hedge the interest rate payable on its issued debt.

- Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market? The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period.

- Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does the requested minute cover off s28 FAA? The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the 2 Ministers seeking the OIC in the form attached. The Minister of Finance will also be requested to approve under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

Thanks in advance,

James Strang
416-327-2071

Provincial Protection and Assurances Agreement

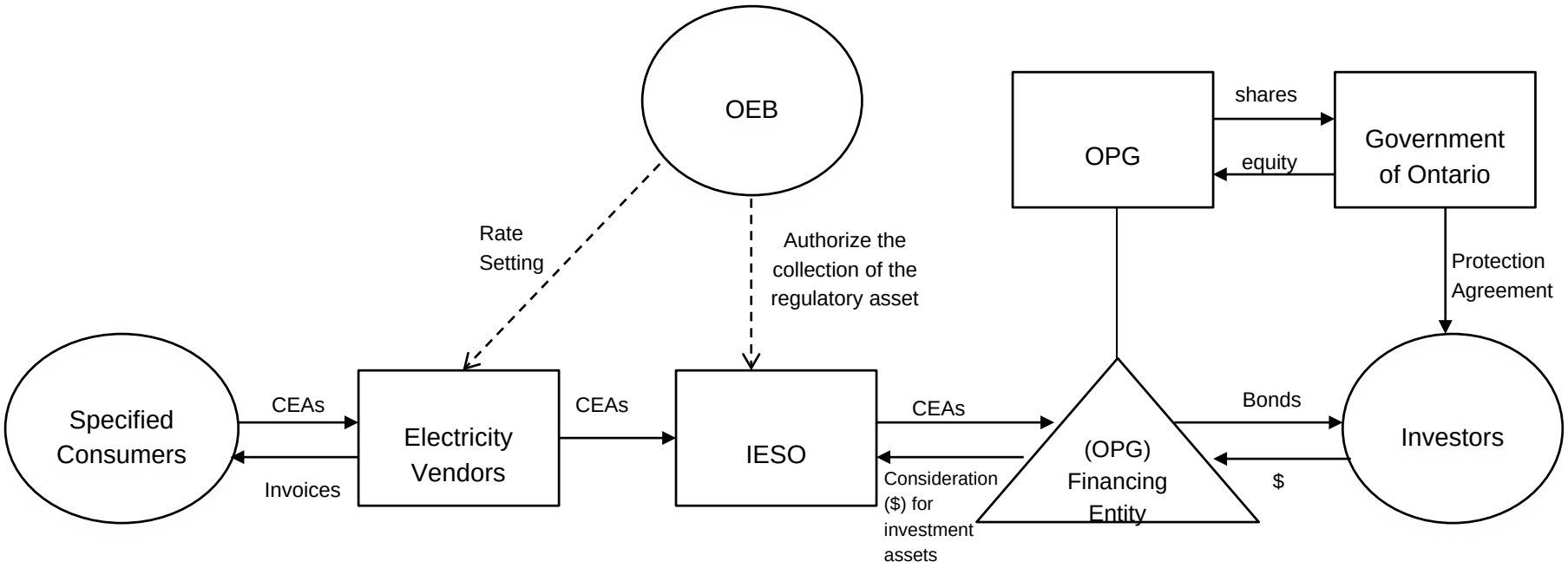
September 20, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Background

- The *Ontario Fair Hydro Plan Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset to recover the balance in the variance account
    - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
    - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
    - The Financing Entity will purchase the regulatory asset, effectively financing the shortfall in current rates not received from ratepayers
- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- OPG has requested that the Province provide a protection agreement that supports the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would take over the funding obligations of the Financing Entity

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provisions Under the Act

- As contemplated under the Act, OPG is requesting a Provincial commitment to support the planned Financing Entity's ability to borrow to finance the deferral of global adjustment amounts in certain limited circumstances
- Under s.5(3) of the OFHP Act,
  - *The LGIC may by order,*
    - *Authorize the Minister (of Energy) and the Minister of Finance, acting together on behalf of the Province,*
      - *To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and*
      - *To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity*
    - *Specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance*
    - *Specify a maximum liability for the guarantee or indemnity*

Provincial Protection Agreement

- OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:
  - Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the *Ontario Fair Hydro Plan Act, 2017*, or new legislation that adversely affect the Financing Entity
  - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
  - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.
- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
  - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access US market as investors in that market will likely require additional compensation if the assumption agreement is triggered

Considerations

- If a protection agreement is not provided, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from the IESO or the cost of the financing will be potentially materially greater than it otherwise would be
- If a protection agreement is provided, the Province takes on a contingent liability
  - The creation of a contingent liability will not currently affect net debt
  - The amount of the contingent liability will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
  - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Proposed Minute

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

a) Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   i. to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and

   ii. to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

From: John Kim
To: Ken Kandeepan; Ronald Kwan
Cc: John Psinas
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date: Wednesday, September 20, 2017 10:48:47 AM

Hi Ken,

Not sure if Ron is available but I am fine with the direction you're suggesting at my level.

Thanks,

John

From: Ken Kandeepan
Sent: Wednesday, September 20, 2017 10:42 AM
To: John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi

As a an addendum to my previous email, Gadi suggests that we limit the range from 4.2% to 5.0% and ignore the 3.5% which appears to be too low based on current rates. As such the range in the TB submission will be $0.8B to $1.0B.

Pls let me know if that works from your perspective.

Thanks

Ken k

From: Ken Kandeepan
Sent: Wednesday, September 20, 2017 10:21 AM
To: John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Ron and John

The previous IOD impact estimate that was also shared with the OAG assumed interest rates of 5.0, 4.2 and 3.5. At this point in time I don't believe there's much value added in a detailed assessment, rather a simple application of the max and the minimum to the peak debt of $20B should suffice. This translates into an IOD range of $0.7B to $1.0B (the reference is to be found on page 3 of the attached).

Thanks and pls let me know if this makes sense.

Ken k

From: Anna Strathy
Sent: Wednesday, September 20, 2017 10:11 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Ken,

Attached is the consolidated comments on the TBS analyst's note. At this morning's meeting with Energy, MOF, and TBS, Steen confirmed that latest estimate for peak debt is $20B (not $24 to $26B as previously estimated). I expect this will impact our IOD estimate – would you be able to provide a revised estimate for IOD? It will need to be included in an updated submission for the Minister tomorrow.

Anna

From: Anna Strathy
Sent: Wednesday, September 20, 2017 6:49 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Gadi,

Attached for your review, is the TBS Assessment note, with comments and track changes from Energy (Steen's group), MOF Legal (Malle) and OFA (Ken and myself). We've also responded to a few of the analyst's questions below in red.

The only comment from Energy that will require follow-up is Steen's cost estimates (he recalls peak debt for the program at $20B whereas we have used the $24B to $26B estimate). I'll follow up with Energy and OFA staff on this.

Thanks, Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Tuesday, September 19, 2017 9:36 AM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS)

<Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

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Thanks in advance,

James Strang
416-327-2071

From: John Kim
To: Ronald Kwan
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date: Wednesday, September 20, 2017 10:30:11 AM

Hi Ron,

I'd be OK with about 20bn.

John

From: Ken Kandeepan
Sent: Wednesday, September 20, 2017 10:21 AM
To: John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Ron and John

The previous IOD impact estimate that was also shared with the OAG assumed interest rates of 5.0, 4.2 and 3.5. At this point in time I don't believe there's much value added in a detailed assessment, rather a simple application of the max and the minimum to the peak debt of $20B should suffice. This translates into an IOD range of $0.7B to $1.0B (the reference is to be found on page 3 of the attached).

Thanks and pls let me know if this makes sense.

Ken k

From: Anna Strathy
Sent: Wednesday, September 20, 2017 10:11 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Ken,

Attached is the consolidated comments on the TBS analyst's note. At this morning's meeting with Energy, MOF, and TBS, Steen confirmed that latest estimate for peak debt is $20B (not $24 to $26B as previously estimated). I expect this will impact our IOD estimate – would you be able to provide a revised estimate for IOD? It will need to be included in an updated submission for the Minister tomorrow.

Anna

From: Anna Strathy
Sent: Wednesday, September 20, 2017 6:49 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Gadi,

Attached for your review, is the TBS Assessment note, with comments and track changes from Energy (Steen's group), MOF Legal (Malle) and OFA (Ken and myself). We've also responded to a few of the analyst's questions below in red.

The only comment from Energy that will require follow-up is Steen's cost estimates (he recalls peak debt for the program at $20B whereas we have used the $24B to $26B estimate). I'll follow up with Energy and OFA staff on this.

Thanks, Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Tuesday, September 19, 2017 9:36 AM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi,

Attached is a draft TB/MBC note based on draft submission version 8 (also attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.

Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

- Draft sub takes about a Change of Law Protection Agreement and identifies three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify. The working title of the agreement is the Provincial Protection Agreement; however it is still subject to change.

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- Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market? The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period.

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Thanks in advance,

James Strang
416-327-2071

From:	Anna Strathy
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan; Mike Manning; Keley Katona (ENERGY)
Cc:	Gadi Mayman; Anthony Reiss (MGS); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Subject:	RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Wednesday, September 20, 2017 8:00:35 AM

Hi Malle,

Thank you for your thorough and thoughtful review.

Just getting back to you now on your two comments:

- The TB analyst has asked whether to minute the attachment or to include key parameters of the term sheet in the minute – I'm inclined to stick with referring to the term sheet in the minute. The language in the term sheet was "litigated" enough that I fear misrepresenting any parameters when they are summarized for the purpose of a minute. I agree with you that recommending TB approve the Ministers entering into the agreement, based on the current term sheet, would remove the possibility of subsequent revisions to the term sheet.
- Attaching a draft of the OIC to refer to in the minute – I don't think this is required, nor is it typically done, but we could certainly provide the draft to James for his reference.

Anna

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, September 19, 2017 2:00 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Here are my comments on the analyst's note.

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- second recommendation, remove "to" after "Ministry of Energy"
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change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investment interst so that it can pay its funding obligations.

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Regarding the questions posed by the analyst, here is a start on some of those.

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From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: September 19, 2017 10:11 AM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA); Katona, Keley (MOF)
Cc: Mayman, Gadi (OFA); Reiss, Anthony (MOF)
Subject: Fwd: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Good morning,

Please find attached, the draft TBS Assessment note on the Provincial Protection Agreement. Please review and provide comments to me by 3:00pm this afternoon and I will consolidate comments for Gadi's review.

With respect to James' questions, I'll follow up separately and I expect some will be answered in the updated draft of the submission (with final term sheet).

Thank you, Anna

Sent from my iPhone

Begin forwarded message:

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To: "Anthony Reiss (MGS)" <Anthony.Reiss@ontario.ca>, "Pratima Gounden (ENERGY)" <Pratima.Gounden@ontario.ca>
Cc: "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, "Hosick, Sarah (TBS)" <Sarah.Hosick@ontario.ca>, "Anna Strathy" <Anna.Strathy@ofina.on.ca>, "Ronald Kwan" <Ronald.Kwan@ofina.on.ca>, "Afshin Malekzadeh (MOHLTC)" <Afshin.Malekzadeh@ontario.ca>, "Chris Skubel (MGS)" <Chris.Skubel@ontario.ca>, "Indira Komal (MCSCS)" <Indira.Komal@ontario.ca>, "Lenna Wichenko (MCSCS)" <Lenna.Wichenko@ontario.ca>, "Paul Kaufman (MOHLTC)" <Paul.Kaufman@ontario.ca>, "Nick Smook (MOF)" <Nick.Smook@ontario.ca>
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Thanks in advance,

James Strang
416-327-2071

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From:	Hanslep, Malle (MOF)
To:	Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan; Mike Manning; Keley Katona (ENERGY)
Cc:	Gadi Mayman; Anthony Reiss (MGS); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Subject:	RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Tuesday, September 19, 2017 2:00:07 PM

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From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: September 19, 2017 10:11 AM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA); Katona, Keley (MOF)
Cc: Mayman, Gadi (OFA); Reiss, Anthony (MOF)
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Thank you, Anna

Sent from my iPhone

Begin forwarded message:

> **From:** "Strang, James (TBS)" <James.Strang@ontario.ca>
> **To:** "Anthony Reiss (MGS)" <Anthony.Reiss@ontario.ca>, "Pratima Gounden (ENERGY)" <Pratima.Gounden@ontario.ca>
> **Cc:** "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, "Hosick, Sarah (TBS)" <Sarah.Hosick@ontario.ca>, "Anna Strathy" <Anna.Strathy@ofina.on.ca>, "Ronald Kwan" <Ronald.Kwan@ofina.on.ca>, "Afshin Malekzadeh (MOHLTC)" <Afshin.Malekzadeh@ontario.ca>, "Chris Skubel (MGS)" <Chris.Skubel@ontario.ca>, "Indira Komal (MCSCS)" <Indira.Komal@ontario.ca>, "Lenna Wichenko (MCSCS)" <Lenna.Wichenko@ontario.ca>, "Paul Kaufman (MOHLTC)" <Paul.Kaufman@ontario.ca>, "Nick Smook (MOF)" <Nick.Smook@ontario.ca>
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From:	Reiss, Anthony (MOF)
To:	James Strang (MOF); Pratima Gounden (ENERGY)
Cc:	Veinot, Cindy (TBS); Hosick, Sarah (TBS); Anna Strathy; Ronald Kwan; Afshin Malekzadeh (MOHLTC); Chris Skubel (MGS); Indira Komal (MCSCS); Lenna Wichenko (MCSCS); Paul Kaufman (MOHLTC); Nick Smook (MOF); Keley Katona (ENERGY)
Subject:	RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Tuesday, September 19, 2017 10:24:21 AM

Hi James,

The DM/Minister of Finance briefing is now been rescheduled for Thursday morning 9:00am. The Minister of Energy provided sign-off last week. An updated package will be reviewed by MOE later today to confirm.

Also I will be send you an updated package as well this afternoon.

Program Area is copied on the questions.

Thanks,
Anthony

From: Strang, James (TBS)
Sent: September 19, 2017 9:36 AM
To: Reiss, Anthony (MOF) <Anthony.Reiss@ontario.ca>; Gounden, Pratima (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Malekzadeh, Afshin (TBS) <Afshin.Malekzadeh@ontario.ca>; Skubel, Chris (TBS) <Chris.Skubel@ontario.ca>; Komal, Indira (TBS) <Indira.Komal@ontario.ca>; Wichenko, Lenna (TBS) <Lenna.Wichenko@ontario.ca>; Kaufman, Paul (TBS) <Paul.Kaufman@ontario.ca>; Smook, Nick (TBS) <Nick.Smook@ontario.ca>
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From:	Anna Strathy
To:	James Strang (MOF); Jonathan Tekle (CAB)
Cc:	"Veinot, Cindy (TBS)"; "Hosick, Sarah (TBS)"; Ronald Kwan; Afshin Malekzadeh (MOHLTC); Chris Skubel (MGS); Indira Komal (MCSCS); Lenna Wichenko (MCSCS); Paul Kaufman (MOHLTC); Nick Smook (MOF); Anthony Reiss (MGS); Pratima Gounden (ENERGY); Ken Kandeepan; Gadi Mayman; Mike Manning; Steen Hume (CAB); Hilary Cox (ENE); Keley Katona (ENERGY)
Subject:	RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Wednesday, September 20, 2017 3:26:16 PM
Attachments:	TB20 Submission_Provincial Protection Agreement_V10_clean.docx TB20 Submission_Provincial Protection Agreement_V10_track_change.pdf

Hi James, Jonathan,

At this morning's 8am meeting with Energy, Deputy Thompson requested a few small tweaks to the submission prior to Minister Sousa's briefing tomorrow. Please find attached, a clean and track-change version of the updated submission.

In addition to the Deputy's comments, we have also updated the peak debt estimate (and associated IOD costs) to reflect the latest information provided by the Ministry of Energy.

Happy to discuss.

Thanks, Anna

From: Anna Strathy
Sent: Wednesday, September 20, 2017 11:00 AM
To: James Strang (MOF) <James.Strang@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi James,

Please find attached, consolidated comments and edits from the OFA, Energy, and MOF Legal, as well as responses to your questions, below.

Please don't hesitate to contact me should you have any questions.

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Sent: Tuesday, September 19, 2017 9:36 AM

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- Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market? The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but

may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period.

- Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does the requested minute cover off s28 FAA? The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the 2 Ministers seeking the OIC in the form attached. The Minister of Finance will also be requested to approve under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

Thanks in advance,

James Strang
416-327-2071

PROVINCIAL PROTECTION AND ASSURANCES AGREEMENT

1. PROGRAM/BRANCH: Ontario Financing Authority

2. SUMMARY OF REQUEST:

Provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by one or more financing entities established by Ontario Power Generation Inc. pursuant to s. 22 of the *Ontario Fair Hydro Plan Act, 2017* ("OPG Financing Entities"), that, under certain circumstances as set out in the proposed arrangements the Province would pay when due amounts in respect of the obligations of the Financing Entity.

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) Approve that the Minister of Finance and Minister of Energy, on behalf of Ontario, provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend that Cabinet approve an Order in Council, to be made under subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

3. BACKGROUND:

On March 2, 2017, the government announced its proposed Ontario's Fair Hydro Plan (OFHP) to lower electricity bills by 25%, on average, for a typical residential consumer, and holding increases to the rate of inflation for four years. As part of OFHP, it was announced that a portion of the Global Adjustment (GA) would be refinanced in order to fairly allocate costs across present and future generations of electricity consumers with respect to investments made to decarbonize (i.e., phase-out coal) and modernize Ontario's electricity system (i.e., build and maintain a reliable electricity system). This would be achieved by spreading the cost of electricity investments so that they are shared proportionately by future consumers who cause a need for, or benefit from, the province's multi-billion dollar investments in electricity infrastructure.

To this end, immediate rate relief to eligible ratepayers is provided by deferring and spreading the cost recovery of electricity investments over a longer period of time. Under forecasts provided by the Ministry of Energy at the time of the OFHP announcement in March, the immediate reduction would be about $2.5 billion per year on average over the first ten years. The Ministry of Energy will report back to TB/MBC in fall 2017-18 with an update on out-year projections following analysis on rate applications before the Ontario Energy Board.

Under the *Ontario Fair Hydro Plan Act, 2017,* (the "OFHPA"), which enables GA Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected over four years. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset". The OFHPA provides for the IESO to sell all or a portion of the regulatory asset; i.e., the right to recover those deferred amounts from specified consumers in the future. Under the OFHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the OFHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly, the Province) from the capital markets; however, OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the OFHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations;
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or unenforceable; or
- Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations.

In the event the protection agreement is triggered, the Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers.

In addition, the Province would also have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged.

Section 28 of the *Financial Administration Act (FAA), 1990* requires that the Minister of Finance's approval is obtained before a ministry seeks an Order in Council (OIC) to enter into a guarantee or indemnity that would increase the contingent liabilities of Ontario. The Minister of Finance has given Section 28 approval for the Minister of Energy, together with the Minister of Finance to recommend the OIC to Cabinet and will, acting together with the Minister of Energy, determine the terms and conditions of and execute the proposed guarantee/indemnity in accordance with the OIC, if approved.

5. ADMINISTRATIVE IMPACTS:

To be managed by existing staff.

6. RISKS:

If the protection agreement is not approved, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from IESO or the cost of the financing will be potentially materially greater than it otherwise would be.

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of the OFHP and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest.

In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time. The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

While it is difficult to estimate the actual impact to the Province's interest on debt (IOD) expense, the worst case scenario would be the Province assuming the debt at its peak. If so, IOD expense may increase between $0.8B and $1.0B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.

It is important to note that, if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (IOD expense) will depend on whether or not some portions of the OFHPA continue in some form, or not. If the payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used. Also, debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

7. COMMUNICATION PLAN

Key Messages

- Ontario's Fair Hydro Plan has resulted in the biggest electricity rate reduction in the history of our province.

- We have heard from Ontarians across the province that the price of electricity has risen too quickly: that's why we moved forward with a plan to ensure the costs are shared more evenly over the years ahead.
- Our government is following through on its commitment to balance the books as announced in the 2017 Budget, while continuing to make investments in priority areas such as electricity price relief.
- This agreement is a key step in lowering electricity costs province-wide as part of the Fair Hydro Plan.

Strategic Approach

- Low-profile, reactive and targeted to industry stakeholders and government employees, as necessary. Reactive messaging contingent on legislative changes only with back-pocket QAs to support as needed.
- Communications support will continue to be led by the Ministry of Energy.

8. RECOMMENDATION

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017*, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends the Regulation made under the Act or any portion thereof; or

	(4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*); (5) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that [materially][1] and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][2] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that [materially][3] and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

[1] Under consideration to assess the marketability implications of materiality threshold.

[2] Under consideration to assess the marketability implications of this phrase.

[3] See footnote 1, above.

Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity.
Optional Assumption:	At any time following the occurrence of a Protection Event, the Obligor shall be entitled (but not obligated) to assume the Financing Entity's obligations in respect of Specified Claims as obligor and debtor. The Financing Entity (including through the Financial Services Manager) will ensure that Specified Claims permit such an assumption by the Obligor without any penalty or make-whole payment (or, in the case of any contract for the provision of on-going services to the Financing Entity, the satisfaction and termination of the Specified Claims without any acceleration of future fees, profits or other like amounts), or any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

PROVINCIAL PROTECTION AND ASSURANCES AGREEMENT

1. PROGRAM/BRANCH: Ontario Financing Authority

2. SUMMARY OF REQUEST:

Provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by one or more financing entities established by Ontario Power Generation Inc. pursuant to s. 22 of the *Ontario Fair Hydro Plan Act, 2017* ("OPG Financing Entities"), that, under certain circumstances as set out in the proposed arrangements the Province would pay when due amounts in respect of the obligations of the Financing Entity.

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) Approve that the Minister of Finance and Minister of Energy, on behalf of Ontario, provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend that Cabinet approve an Order in Council, to be made under subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

3. BACKGROUND:

On March 2, 2017, the government announced its proposed Ontario's Fair Hydro Plan (OFHP) to lower electricity bills by 25%, on average, for a typical residential consumer, and holding increases to the rate of inflation for four years. As part of OFHP, it was announced that a portion of the Global Adjustment (GA) would be refinanced in order to fairly allocate costs across present and future generations of electricity consumers with respect to investments made to decarbonize (i.e., phase-out coal) and modernize Ontario's electricity system (i.e., build and maintain a reliable electricity system). This would be achieved by spreading the cost of electricity investments so that they are shared proportionately by future consumers who cause a need for, or benefit from, the province's multi-billion dollar investments in electricity infrastructure.

To this end, immediate rate relief to eligible ratepayers is provided by deferring and spreading the cost recovery of electricity investments over a longer period of time. Under forecasts provided by the Ministry of Energy at the time of the OFHP announcement in March, the immediate reduction would be about $2.5 billion per year on average over the first ten years. The Ministry of Energy will report back to TB/MBC in fall 2017-18 with an update on out-year projections following analysis on rate applications before the Ontario Energy Board.

Under the *Ontario Fair Hydro Plan Act, 2017,* (the "OFHPA"), which enables GA Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected over four years. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset". The OFHPA provides for the IESO to sell all or a portion of the regulatory asset; i.e., the right to recover those deferred amounts from specified consumers in the future. Under the OFHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the OFHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly, the Province) from the capital markets; however, OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

OFA, the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances:

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the OFHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations;
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or unenforceable; ~~and~~ or
- Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations.

In the event the protection agreement is triggered, the Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers.

In addition, the Province would also have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged.

Section 28 of the *Financial Administration Act (FAA), 1990* requires that the Minister of Finance's approval is obtained before a ministry seeks an Order in Council (OIC) to enter into a guarantee or indemnity that would increase the contingent liabilities of Ontario. The Minister of Finance has given Section 28 approval for the Minister of Energy, together with the Minister of Finance to recommend the OIC to Cabinet and will, acting together with the Minister of Energy, determine the terms and conditions of and execute the proposed guarantee/indemnity in accordance with the OIC, if approved.

5. ADMINISTRATIVE IMPACTS:

To be managed by existing staff.

6. RISKS:

If the protection agreement is not approved, the Financing Entity would either be unable to raise sufficient financing from capital markets to purchase the regulatory asset from IESO or the cost of the financing will be potentially materially greater than it otherwise would be.

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of the OFHP and peak at an estimated $~~24B to $26~~20B of debt (final cost forecasts TBC), including principal and accumulated interest.

In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time. The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

While it is difficult to estimate the actual impact to the Province's interest on debt (IOD) expense, the worst case scenario would be the Province assuming the debt at its peak. If so, IOD expense may increase between $0.8B and $1.0~~3~~B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.

Commented [AS1]: Using updated forecast of peak debt at $20B and interest rate range of 4.2% to 5.0%

It is important to note that, if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (IOD expense) will depend on whether or not some portions of the OFHPA continue in some form, or not. If the payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used. Also, debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

7. COMMUNICATION PLAN

Key Messages

- Ontario's Fair Hydro Plan has resulted in the biggest electricity rate reduction in ~~Ontario's~~ the history of our province.

- We have heard from Ontarians across the province that the price of electricity has risen too quickly: ~~, which is~~ that's why we moved forward with a plan to ensure the costs are shared more evenly over the years ahead.
- ~~The~~ Our government is following through on its commitment to balance the books as announced in ~~its~~ the 2017 Budget, while continuing to make investments in priority areas such as electricity price relief.
- This agreement is a key step in lowering electricity costs province-wide as part of the Fair Hydro Plan.

Strategic Approach

- Low-profile, reactive and targeted to industry stakeholders and government employees, as necessary. Reactive messaging contingent ~~upon~~ on legislative changes only with back-pocket QAs to support as needed.
- Communications support will continue to be led by the Ministry of Energy.

8. RECOMMENDATION

The Ministry of Finance and Ministry of Energy request that Treasury Board/Management Board of Cabinet:

(a) Approve that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two ministers acting together may determine;

(b) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the *Ontario Fair Hydro Plan Act, 2017*, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding.*

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Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) or amends

	the Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*); (5) there is a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that [materially][1] and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][2] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that [materially][3] and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

[1] Under consideration to assess the marketability implications of materiality threshold.

[2] Under consideration to assess the marketability implications of this phrase.

[3] See footnote 1, above.

Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity.
Optional Assumption:	At any time following the occurrence of a Protection Event, the Obligor shall be entitled (but not obligated) to assume the Financing Entity's obligations in respect of Specified Claims as obligor and debtor. The Financing Entity (including through the Financial Services Manager) will ensure that Specified Claims permit such an assumption by the Obligor without any penalty or make-whole payment (or, in the case of any contract for the provision of on-going services to the Financing Entity, the satisfaction and termination of the Specified Claims without any acceleration of future fees, profits or other like amounts), or any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

From:	Veinot, Cindy (TBS)
To:	Anna Strathy; James Strang (MOF)
Cc:	Hosick, Sarah (TBS); Ronald Kwan; Afshin Malekzadeh (MOHLTC); Chris Skubel (MGS); Indira Komal (MCSCS); Lenna Wichenko (MCSCS); Paul Kaufman (MOHLTC); Nick Smook (MOF); Anthony Reiss (MGS); Pratima Gounden (ENERGY); Ken Kandeepan; Gadi Mayman; Mike Manning; Mark Donaldson (MOF); Hosick, Sarah (TBS)
Subject:	RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Wednesday, September 20, 2017 12:00:26 PM
Attachments:	4 RAN MOF ENERGY - Change of Law Protecition Agreement v4 (MOF ENE com_OPCD.doc

Attached are my suggested edits -- Cindy

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: September 20, 2017 11:00 AM
To: Strang, James (TBS)
Cc: Veinot, Cindy (TBS); Hosick, Sarah (TBS); Kwan, Ronald (OFA); Malekzadeh, Afshin (TBS); Skubel, Chris (TBS); Komal, Indira (TBS); Wichenko, Lenna (TBS); Kaufman, Paul (TBS); Smook, Nick (TBS); Reiss, Anthony (MOF); Gounden, Pratima (ENERGY); Kandeepan, Ken (OFA); Mayman, Gadi (OFA); Manning, Mike (OFA)
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi James,

Please find attached, consolidated comments and edits from the OFA, Energy, and MOF Legal, as well as responses to your questions, below.

Please don't hesitate to contact me should you have any questions.

Thanks, Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Tuesday, September 19, 2017 9:36 AM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi,

Attached is a draft TB/MBC note based on draft submission version 8 (also attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.

Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

- Draft sub takes about a Change of Law Protection Agreement and identifies three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify. The working title of the agreement is the Provincial Protection Agreement; however it is still subject to change.
    - Regarding the third trigger, is this in or out? If in, is there any consideration being given to the Province to narrow the very broad scope? The third trigger is in and it's been narrowed to ensure only a change that adversely impacts the ability of the Financing Entity to collect payments would trigger the protection agreement.
- What are derivative agreements? Payments under derivative agreements? Derivatives agreements are financial contracts entered into by parties to hedge financial risk associated with borrowing for example. In this particular circumstances, the Financing Entity might enter into interest rate swap agreements to hedge the interest rate payable on its issued debt.
- Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market? The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period.
- Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does the requested minute cover off s28 FAA? The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the 2 Ministers seeking the OIC in the form attached. The Minister of Finance will also be requested to approve under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

Thanks in advance,

James Strang
416-327-2071

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	TREASURY BOARD / MANAGEMENT BOARD OF CABINET REQUEST ASSESSMENT NOTE	
	Ministry:	Energy & Finance
	Meeting Date:	September 26, 2017
	Agenda Class:	Discussion (In-Camera)
	Last reviewed by: ENERGY TB/MBC May 9, 2017	**Tracking to:** Fast Track Cabinet (September 27, 2017)

SUBMISSION TITLE:	Change of Law Protection Agreement (Supports Ontario's Fair Hydro Plan implementation)

I. DECISION BEFORE THE BOARD

Approve the Ministries plan for implementing provisions within the *OOntario Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc.

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II. RECOMMENDATIONS

Approve the plan for implementing provisions of the ~~Ontario~~ *Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc (OPG). – Under certain circumstances, the Province would pay when due amounts in respect of the obligations of the Financing Entity (Established by OPG)	*Approve*
Authorize that the Minister of Finance and Minister of Energy ~~to~~ provide a protection agreement, to be authorized by Order in Council under the ~~Ontario~~ *Fair Hydro Plan Act, 2017*(FHPA). – In respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two Ministers acting together may determine	*Authorize*
Recommend that Cabinet approve an Order in Council (OIC), in accordance with section 5 of the ~~Ontario~~ *Fair Hydro Plan Act, 2017* (FHPA) that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province, – ~~to~~ To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and – ~~to~~ To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.	*Recommend*

Commented [ESP1]: This item is not up for approval per the TB Sub.

III. FINANCIAL SUMMARY

$ Millions	**2017-18**	**2018-19**	**2019-20**
Initiative cost requested	0.0	0.0	0.0
Initiative cost recommended	0.0	0.0	0.0

Recommended program base	0.0	0.0	0.0
Offset Recommended	0.0	0.0	0.0
Total Fiscal Impact	0.0	0.0	0.0

IV. KEY COMMENTS AND CONSIDERATIONS

Under the ~~Ontario~~ *Fair Hydro Plan Act, 2017*, (~~O~~FHPA), which enables Global Adjustments (GA) Refinancing, the Independent Electricity System Operator (IESO) will ~~have~~ incur a cash shortfall, as the amounts collected from the consumers of electricity (e.g. the local distribution companies) will be reduced, but the amounts paid to the generators of electricity will remain at the market and/or contractual rates.~~a funding gap resulting from the reduction in amounts collected~~. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset".

The ~~O~~FHPA provides for ~~the~~ IESO to sell all or a portion of the Regulatory Asset (i.e., to sell the right to recover those deferred amounts from specified consumers in the future). Under the ~~O~~FHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the ~~O~~FHPA) will have the right, but not the obligation to purchase the regulatory asset, effectively financing the shortfall ~~in~~ generated by the reduction in current ~~rates not received from the~~for eligible ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity ~~must~~ will borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly the Province) from the capital markets.

OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a ~~change of law~~ protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

- Providing this~~, in a May 2017 TB/MBC item reviewing proposed FHPAOntario Fair Hydro Plan legislation,~~ through Provinci~~al~~e assurance and guarantee provisions~~,~~ was recommended in a May 2017 TB/MBC item reviewing proposed FHPA.

What would trigger the protection agreement?

Ontario Financing Authority (OFA), the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances (Appendix C provides the non-binding term sheet):

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the ~~O~~FHPA/related regulations or new legislation that materially and adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or ~~*unenforceable*~~*ultra vires*; and
- A change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province that materially and , adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investment interest so that it can pay its funding obligations~~Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on~~

Commented [VC(2]: Not sure that this is consistent with OPG advice, and I'm not sure it matters

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its investment interest such that it can pay its specified creditors, including making payments on its debt obligations.

Note: this third protection event is not included in the current draft of the term sheet agreed to by Ministry of Finance staff; however, OPG is expected to continue to negotiate for its inclusion. It has been included in the TB submission, but may be removed once negotiations are complete, prior to TB/MBC consideration of this item on September 26, 2017.]

….the third bullet isn't change of Law related?…

Commented [AS3]: May or may not be the result of a change of law.

Financial:

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability contingent liability would increase over the duration of Ontario's Fair Hydro Plan (OFHP) the OFHP and peak at approximately $20B an estimated $24B to $26B of debt (final cost forecasts TBC), including principal and accumulated interest.

Commented [HS(4]: This is inconsistent with the Aug 31 Submission

Thought the estimated debt # was lower?

- In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time, and depending on change, the province could incur an expense equivalent to the amount of the increase in the outstanding debt.
- The Province's interest payments will will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on related to derivatives agreements and for service providers that the Province will be required to make. The fiscal impact of the increased interest payments will depend on the circumstances of the change (e.g. will the amounts continue to be recovered from the ratepayers through the clean energy adjustment as provided for under the FHPA).

Financial (Risk) – In the event the protection agreement is triggered:

The Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers. This would likely have implications for the Province's fiscal plan and appropriation requirements.

- The Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time, and the Province may incur an expense equal to the amount of the debt.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. The worst case scenario would be the Province assuming the debt at its peak at which point interest on debt (IOD) expense could increase between $0.8B and $1.3B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.
- In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged. In addition, the Province would also have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

Commented [VC(5]: I understand this would require a change in legislation – may want to confirm with OFA.

The Ministries indicate that if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (Interest On Debt (IOD) expense) will depend on whether or not some portions of the

OFHPA continue in some form, or not.

- For example if the ~~If the~~ payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments, albeit not necessarily in the same fiscal period; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense as well as any continued impact of reduced electricity rates would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used.
- Debt incurred ~~to~~ for benefit the ratepayer could becomes the responsibility of the taxpayer.

Name of analyst:	James Strang	**Phone number:**	416-325-2071
Date:	September 18, 2017	**Log number:**	
Branch / Division:	GGPR / PEMD / Treasury Board Secretariat		

APPENDIX A: PROPOSED MINUTE (UNDER DEVELOPMENT)

Approve the Ministries plan for implementing provisions of the ~~Ontario~~ *Fair Hydro Plan Act, 2017* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc. In particular, that under certain circumstances the Province would pay when due amounts in respect of the obligations of the Financing Entity (Established by OPG).

In this regard,

i) Authorize that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the ~~Ontario~~ *Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out non-binding term sheet – Provincial Protection and Assurances Indicative Term Sheet including in the TB/MBC Submission, (… minuting an attachment?…or include key parameters in minute only, given request for the subject to revisions provision…) and subject to such revisions that the two ministers acting together may determine;

ii) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the FHPA~~Ontario Fair Hydro Act~~, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   a) ~~to~~ To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
   b) ~~to~~ To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

Commented [AS6]: Recommend referring to the attachment rather than key parameters (limit potential revisions to the term sheet)

Commented [VC(7]: This agreement is being approved prior to the commercial agreements being finalized, so from an accounting perspective, we do not have updated opinions/memos from KPMG re: IESO and EY re: OPG. I have asked the two CFOs to provide me with a summary of the work they have completed with their respective auditors by EOD tomorrow and we can insert that in the memo.

We may also want to include a report back to the Board once the accounting analysis is complete. That may also be an issue for the final legal and financing risks.

APPENDIX B: FINANCIAL TABLES

FINANCIAL IMPACTS: CHANGES TO EXPENSE AND REVENUE					TABLE B1
		Fiscal Plan Basis			*Appropriations Basis*
$ Millions		**2017-18**	**2018-19**	**2019-20**	**2017-18**
Initiative cost recommended					
Expense changes:					
	Oper				
Expense Offset:					
	Oper				
	Oper				
Total Fiscal Impact		0.0000	0.0000	0.0000	**0.0000**

APPENDIX C: EXCERPT FROM ~~ONTARIO~~ *FAIR HYDRO PLAN ACT, 2017*

Protection and assurances

Prohibition

5 (1) No action or omission by the Board, the Minister or the Crown shall be effective to reduce, impair, postpone or terminate the obligations of specified consumers to pay amounts in respect of the clean energy adjustment or to impair or postpone the invoicing, collection or remittance of the clean energy adjustment.

Agreements

(2) The Minister and the Minister of Finance may together, with the approval of the Lieutenant Governor in Council, enter into agreements on behalf of the Province of Ontario with any person in respect of this Act, including agreements regarding the performance of the IESO or electricity vendors under this Act or related transactions.

Guarantee, indemnification

(3) The Lieutenant Governor in Council may by order,

(a) authorize the Minister and the Minister of Finance, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity;

(b) specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance; and

(c) specify a maximum liability for the guarantee or indemnity.

APPENDIX D: NON-BINDING TERM SHEET

Commented [AS8]: Update to Sep 18 version

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the General Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council

	makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*), in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act or the Regulation is *ultra vires* in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent.

Optional Replacement:	At any time following the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable, the Obligor shall be entitled (but not obligated) to replace the Financing Entity as obligor and debtor and directly assume all of the Financing Entity's outstanding obligations and liabilities. The Financing Entity (including through the Financial Services Manager) will ensure that any obligation and liabilities undertaken or assumed by it will by their terms permit such a replacement and assumption (or, if applicable, satisfaction and termination) by the Obligor without additional cost or penalty and without any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The Change of Law Protection Agreement will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Protection Agreement applies to such Specified Claim. The Change of Law Protection Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Protection Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims. The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.

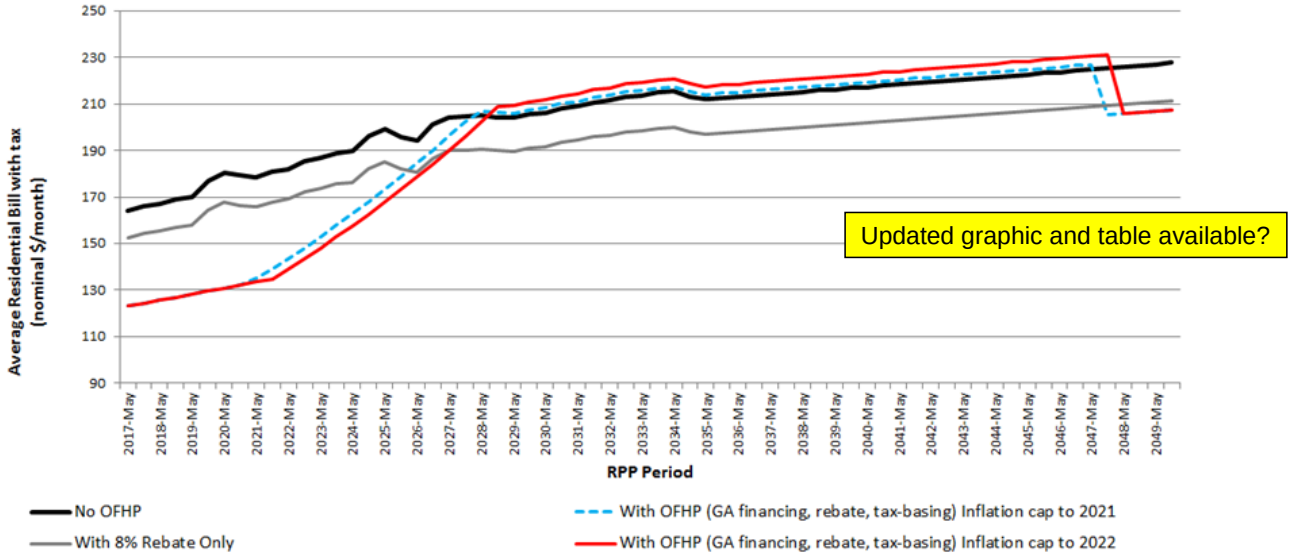
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

APPENDIX E: PROFILE GLOBAL ADJUSTMENT SMOOTHING FOR RPP – ELIGIBLE ONLY – MAY 2017 TB/MBC SUBMISSION

Commented [HS(9]: Recommend that we don't include this reference.

The following graphic and table shows the multi-year profile of the planned approach to GA Smoothing that was included with the May 2017 TB/MBC Submission. The table below supports the Ministries assessment that the potential contingent liability under the protection agreement over the duration of the OFHP would peak at an estimated $24M to $26B (subject to final cost forecasts TBC), including principal and interest.

Commented [ESP10]: These numbers and the table below are pending finalization of costs forecasts – this work is still ongoing with OPG.



Updated graphic and table available?

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Average monthly bill with OFHP ($/month)	124	126	129	131	137	146	155	165	176	187	199	207	207	209	212	214	216	216	214	215	216	217	219	220	221	222	223	224	225	226	216	206
Year-over-year change (%)	n/a	2.01	2.01	2.01	4.25	6.44	6.44	6.44	6.44	6.44	6.44	3.61	0.08	1.20	1.29	1.14	0.93	-0.04	-0.88	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	-4.37	-4.61
Impact of GA financing and tax-basing ($/month)	-29.9	-30.0	-35.0	-34.4	-28.8	-24.0	-17.8	-14.2	-3.3	3.4	12.2	16.4	16.5	16.7	16.9	17.1	17.2	17.1	17.0	17.1	17.2	17.3	17.4	17.5	17.6	17.6	17.7	17.8	17.9	18.0	-3.9	-4.0
Total accumulated debt ($B)	2.5	5.2	8.2	11.6	14.7	17.5	19.9	22.0	23.5	24.1	24.2	23.7	23.1	22.5	21.8	21.0	20.1	19.2	18.3	17.2	16.1	14.9	13.7	12.3	10.9	9.3	7.7	5.9	4.1	2.1	0.0	0.0
Total change in accumulated debt ($B)	2.5	2.6	3.0	3.5	3.1	2.8	2.4	2.0	1.6	0.6	0.1	-0.5	-0.6	-0.6	-0.7	-0.8	-0.8	-0.9	-1.0	-1.0	-1.1	-1.2	-1.3	-1.4	-1.4	-1.5	-1.6	-1.7	-1.9	-2.0	-2.1	0.0

Notes: Assumes 30 year financing period and a nominal interest rate of 5% (compounded monthly). Ratepayer GA payments increase annually beyond 2020 such that the average monthly residential electricity bill increases by 6.3% per year to a maximum of $2.2 billion above the true cost of GA in any given year to cap repayment charges at around 10% of total bill. IESO forecast is based on IESO's revised OPO forecast as of February 2017. Includes the cancellation of LRP II and EFW, expansion of ICI. Does not include smoothed OPG rates. Above residential bill is based on a 750 kWh per month Toronto Hydro customer. Data shown above is by RPP period. Assumes RPP prices are adjusted in July 2021 instead of May 2021 to coincide with the end of the inflation cap. Fair allocation amounts subject to third party review.

APPENDIX F: OVERVIEW OF RISKS

Prepared by TBS staff, the following chart, as part of the May 2017 OFHP implementation update focused on the proposed legislation. It provides an overview of strategic (versus operational) risks to inform the approval/decision making process regarding the proposed legislation. Each part, GA Partial Refinancing & Electricity social programs, is a separate table.

The current submission, ~~Change of Law~~ Provincial Protection Agreement, is reflected under the risk "Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding" (page 16) as part of risk mitigating strategy.

Commented [VC(11]: Page 17 now –

I think you need to make it clear that this table has not been updated since May or just include the relevant page.

Global Adjustment Partial Refinancing:

Objective: Provide immediate ratepayer relief by capping rate increases at Consumer Price Index (CPI) for four years and refinancing GA costs over a longer period of time. Develop and implement a financing structure that increases provincial borrowing, but has no impact on annual provincial surplus/deficit.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA smoothing being allocated to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there could be a negative impact on the province's fiscal plan up to $2.5B in 2017-18 and rising. • Rating agencies and investors in the Province's debt may view all of the borrowing as an obligation of the Province, especially taking into account the nature of provincial guarantees, which could put pressure on the Province's credit rating and overall borrowing capacity. • Proposed structure may result in a negative response from Ontario Auditor General (OAG) due to previous concerns regarding recognition of rate regulated assets and liabilities. The AG has already expressed concerns regarding the accounting treatment on the IESO's books which could lead to a qualification of the Province's consolidated financial statements. • Initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to justify structure of financial model and be utilized in discussions with the OAG. • Identify potential options to minimize the balance of rate regulated assets remaining on the IESO's books at fiscal year-end.

Risk	Level of Risk	Risk Response
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.
A legal determination that the Province is spreading the costs of GA financing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Medium **Risk Impact:** High **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and close monitoring of costs and changes in variables built into model. • Analyze the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Financing the costs of GA smoothing through OPG SPV/Trust and the volatility of interest rates may increase the cost of GA smoothing and/or require additional provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Moderate **Time Scale:** 12 to 24 months **Rationale** • The proposed structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on interest rate for borrowing, the amount of equity/funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the government to offset a part of the scheduled increases. • Risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's ratings and cost of borrowing.	Risk can be avoided by: • Province providing a potential guarantee for the cost of borrowing – however, would redirect risk back to the Province and negate benefits of proposed financing structure. Risk can be mitigated by: • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost. • Proposed legislation to enable GA refinancing has been draft with input from third-party financers. Provides a 'narrow' provincial guarantee and ensuring that debt holders have the right of action against a future government to recover the amount outstanding including interest, fees, expenses and any damages.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA Refinancing having a fiscal impact to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there would be a negative impact on the province's fiscal plan of up to $2.5B in 2017-18 and rising. • Rating agencies and investors in Province's debt may view all of the borrowing as an obligation of the Province, which could put pressure on the Province's credit rating and overall borrowing capacity. • The proposed structure may result in an opinion from the Ontario Auditor General (OAG) considering previous concerns regarding recognition of rate regulated assets and liabilities. The OAG may take this into account when the provincial books are audited. • An initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards. Additional analysis is still required.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to support discussions of the financial model with the OAG.
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.

Risk	Level of Risk	Risk Response
A legal determination that the Province is spreading the costs of GA refinancing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and ongoing monitoring of costs and changes in variables built into model. • Analysis of the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** 12 to 24 months **Rationale** • The proposed borrowing structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on the interest rate for borrowing, the amount of equity / funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • There is a risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's own ratings and cost of borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B (in the March 1, 2017 Cabinet Submission) is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the province to offset a part of the scheduled increases. • Fiscal impacts will be subject to fluctuations in Ontario electricity demand, GA and interests rates in the medium-to long term. As well as if a protection agreement is called upon: o OPG, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.	Risk can be mitigated by: • Providing a "provincial guarantee" for the cost of borrowing. • Drafting legislation to provide assurance to OPG and investors regarding the permanence of the GA refinancing framework and the authority of the legislation to pass the legislation; and enable the Province to guarantee borrowing of the trust in the event of a market disruption. • Specifics of a guarantee are dependent on the negotiation of agreements not yet initiated. Limiting triggers of a protection agreement to legislative (regulatory) changes and/or judicial decisions etc. • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost.

Electricity social programs (Enhancing Electricity Support & Conservation Programs):

Objective: Shift funding of existing and new electricity support programs (RRRP, OESP, Affordability Fund, First Nations Credit) from rate to tax base.

Risk	Level of Risk	Risk Response
Uncertainty in forecasting due to exposure to changes and/or volatility (i.e. interest rates, electricity usage patterns, and distribution costs) may result in higher than anticipated fiscal impacts for the Province.	**Risk Likelihood:** Possible **Risk Impact:** Major **Timescale:** 12 to 24 months **Rationale:** • The energy sector is complex and a number of key assumptions used as inputs into forecasting model are variables/forecasts themselves, resulting in a high inherent risk that cost estimates are inaccurate. • Fiscal projection is highly dependent on factors which can fluctuate from year to year, including: o electricity usage; o distributions costs; and o consumer consumption patterns that may change due to extreme weather or other factors. • Fiscal projection is subject to knowledge of future distribution costs and dependent on submission of cost of service applications by Hydro One and LDCs. o Enhanced RRRP may create disincentives from the eligible LDCs towards productivity and performance improvements and/or cause ineligible LDC's to drive up distribution costs to gain access to program.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the forecasting models.

From:	John Kim
To:	Ken Kandeepan; Ronald Kwan
Cc:	John Psinas; Anna Strathy
Subject:	RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Wednesday, September 20, 2017 11:22:08 AM

And our review was based on the August 15th information, so not the latest that Steen was referring to.

From: John Kim
Sent: Wednesday, September 20, 2017 11:17 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Okay, at 5%, the peak debt would be about $21bn according to EFB staff review but I think Steen was referring to a ballpark figure.

John

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Thanks John we will proceed accordingly on that basis.

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Hi Ken,

Not sure if Ron is available but I am fine with the direction you're suggesting at my level.

Thanks,

John

From: Ken Kandeepan

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Hi

As a an addendum to my previous email, Gadi suggests that we limit the range from 4.2% to 5.0% and ignore the 3.5% which appears to be too low based on current rates. As such the range in the TB submission will be $0.8B to $1.0B.

Pls let me know if that works from your perspective.

Thanks

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Hi Ron and John

The previous IOD impact estimate that was also shared with the OAG assumed interest rates of 5.0, 4.2 and 3.5. At this point in time I don't believe there's much value added in a detailed assessment, rather a simple application of the max and the minimum to the peak debt of $20B should suffice. This translates into an IOD range of $0.7B to $1.0B (the reference is to be found on page 3 of the attached).

Thanks and pls let me know if this makes sense.

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From: Anna Strathy
Sent: Wednesday, September 20, 2017 10:11 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Ken,

Attached is the consolidated comments on the TBS analyst's note. At this morning's meeting with Energy, MOF, and TBS, Steen confirmed that latest estimate for peak debt is $20B (not $24 to $26B

as previously estimated). I expect this will impact our IOD estimate – would you be able to provide a revised estimate for IOD? It will need to be included in an updated submission for the Minister tomorrow.

Anna

From: Anna Strathy
Sent: Wednesday, September 20, 2017 6:49 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Gadi,

Attached for your review, is the TBS Assessment note, with comments and track changes from Energy (Steen's group), MOF Legal (Malle) and OFA (Ken and myself). We've also responded to a few of the analyst's questions below in red.

The only comment from Energy that will require follow-up is Steen's cost estimates (he recalls peak debt for the program at $20B whereas we have used the $24B to $26B estimate). I'll follow up with Energy and OFA staff on this.

Thanks, Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Tuesday, September 19, 2017 9:36 AM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi,

Attached is a draft TB/MBC note based on draft submission version 8 (also attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.

Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

- Draft sub takes about a Change of Law Protection Agreement and identifies three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify. The working title of the agreement is the Provincial Protection Agreement; however it is still subject to change.

    - Regarding the third trigger, is this in or out? If in, is there any consideration being given to the Province to narrow the very broad scope? The third trigger is in and it's been narrowed to ensure only a change that adversely impacts the ability of the Financing Entity to collect payments would trigger the protection agreement.

- What are derivative agreements? Payments under derivative agreements? Derivatives agreements are financial contracts entered into by parties to hedge financial risk associated with borrowing for example. In this particular circumstances, the Financing Entity might enter into interest rate swap agreements to hedge the interest rate payable on its issued debt.

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Thanks in advance,

James Strang
416-327-2071

From:	John Kim
To:	Ken Kandeepan; Ronald Kwan
Cc:	John Psinas; Anna Strathy
Subject:	RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Wednesday, September 20, 2017 11:17:05 AM

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From:	Anna Strathy
To:	Ronald Kwan; Ken Kandeepan
Subject:	RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Wednesday, September 20, 2017 11:13:35 AM

Thank you!

From: Ronald Kwan
Sent: Wednesday, September 20, 2017 11:11 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Re: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

And apologies, as I just saw this one, so, adjust the interest amount in the markup accordingly.

Ron

From: Ken Kandeepan
Sent: September 20, 2017 10:49 AM
To: John Kim; Ronald Kwan
Cc: John Psinas; Anna Strathy
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

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Attached is the consolidated comments on the TBS analyst's note. At this morning's meeting with Energy, MOF, and TBS, Steen confirmed that latest estimate for peak debt is $20B (not $24 to $26B as previously estimated). I expect this will impact our IOD estimate – would you be able to provide a revised estimate for IOD? It will need to be included in an updated submission for the Minister

tomorrow.

Anna

From: Anna Strathy
Sent: Wednesday, September 20, 2017 6:49 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Gadi,

Attached for your review, is the TBS Assessment note, with comments and track changes from Energy (Steen's group), MOF Legal (Malle) and OFA (Ken and myself). We've also responded to a few of the analyst's questions below in red.

The only comment from Energy that will require follow-up is Steen's cost estimates (he recalls peak debt for the program at $20B whereas we have used the $24B to $26B estimate). I'll follow up with Energy and OFA staff on this.

Thanks, Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Tuesday, September 19, 2017 9:36 AM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi,

Attached is a draft TB/MBC note based on draft submission version 8 (also attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.

Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

- Draft sub takes about a Change of Law Protection Agreement and identifies

three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify. The working title of the agreement is the Provincial Protection Agreement; however it is still subject to change.

- Regarding the third trigger, is this in or out? If in, is there any consideration being given to the Province to narrow the very broad scope? The third trigger is in and it's been narrowed to ensure only a change that adversely impacts the ability of the Financing Entity to collect payments would trigger the protection agreement.

- What are derivative agreements? Payments under derivative agreements? Derivatives agreements are financial contracts entered into by parties to hedge financial risk associated with borrowing for example. In this particular circumstances, the Financing Entity might enter into interest rate swap agreements to hedge the interest rate payable on its issued debt.

- Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market? The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period.

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Thanks in advance,

James Strang
416-327-2071

From:	Anna Strathy
To:	Ronald Kwan
Cc:	Gadi Mayman; Mike Manning; Ken Kandeepan
Subject:	RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Wednesday, September 20, 2017 11:13:11 AM

Hi Ron,

Thank you for this, I'll pass this along to the TB Analyst for his review; although unfortunately, I don't think your edits will make it into his note for Chair's briefing this afternoon (I had sent James an advanced mark-up early this morning to make it in time for the TB mail-out).

Anna

From: Ronald Kwan
Sent: Wednesday, September 20, 2017 11:09 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Re: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Anna,

Sorry for the timing, but here are some suggestions to an earlier version Ken sent on to me this morning.

Ron

From: Anna Strathy
Sent: September 20, 2017 11:00 AM
To: James Strang (MOF)
Cc: Veinot, Cindy (TBS); Hosick, Sarah (TBS); Ronald Kwan; Afshin Malekzadeh (MOHLTC); Chris Skubel (MGS); Indira Komal (MCSCS); Lenna Wichenko (MCSCS); Paul Kaufman (MOHLTC); Nick Smook (MOF); Anthony Reiss (MGS); Pratima Gounden (ENERGY); Ken Kandeepan; Gadi Mayman; Mike Manning
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi James,

Please find attached, consolidated comments and edits from the OFA, Energy, and MOF Legal, as well as responses to your questions, below.

Please don't hesitate to contact me should you have any questions.

Thanks, Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
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James Strang
416-327-2071

From:	Anna Strathy
To:	James Strang (MOF)
Cc:	Veinot, Cindy (TBS); Hosick, Sarah (TBS); Ronald Kwan; Afshin Malekzadeh (MOHLTC); Chris Skubel (MGS); Indira Komal (MCSCS); Lenna Wichenko (MCSCS); Paul Kaufman (MOHLTC); Nick Smook (MOF); Anthony Reiss (MGS); Pratima Gounden (ENERGY); Ken Kandeepan; Gadi Mayman; Mike Manning
Subject:	RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Wednesday, September 20, 2017 11:00:24 AM
Attachments:	4 RAN MOF ENERGY - Change of Law Protecition Agreement v4 (MOF & ENE com....doc

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	TREASURY BOARD / MANAGEMENT BOARD OF CABINET REQUEST ASSESSMENT NOTE	
	Ministry:	Energy & Finance
	Meeting Date:	September 26, 2017
	Agenda Class:	Discussion (In-Camera)
	Last reviewed by: ENERGY TB/MBC May 9, 2017	**Tracking to:** Fast Track Cabinet (September 27, 2017)

SUBMISSION TITLE:	Change of Law Protection Agreement (Supports Ontario's Fair Hydro Plan implementation)

I. DECISION BEFORE THE BOARD

Approve the Ministries plan for implementing provisions within the ~~O~~*ntario Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc.

II. RECOMMENDATIONS

Approve the plan for implementing provisions of the ~~*Ontario*~~ *Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc (OPG). – Under certain circumstances, the Province would pay when due amounts in respect of the obligations of the Financing Entity (Established by OPG)	*Approve*
Authorize that the Minister of Finance and Minister of Energy ~~to~~ provide a protection agreement, to be authorized by Order in Council under the ~~*Ontario*~~ *Fair Hydro Plan Act, 2017(FHPA).* – In respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two Ministers acting together may determine	*Authorize*
Recommend that Cabinet approve an Order in Council (OIC), in accordance with section 5 of the ~~*Ontario*~~ *Fair Hydro Plan Act, 2017 (FHPA)* that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province, – ~~to~~ To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and – ~~to~~ To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.	*Recommend*

Commented [ESP1]: This item is not up for approval per the TB Sub.

III. FINANCIAL SUMMARY

$ Millions	**2017-18**	**2018-19**	**2019-20**
Initiative cost requested	0.0	0.0	0.0
Initiative cost recommended	0.0	0.0	0.0

Recommended program base	0.0	0.0	0.0
Offset Recommended	0.0	0.0	0.0
Total Fiscal Impact	0.0	0.0	0.0

IV. KEY COMMENTS AND CONSIDERATIONS

Under the ~~*Ontario*~~ *Fair Hydro Plan Act, 2017*, (~~O~~FHPA), which enables Global Adjustments (GA) Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap resulting from the reduction in amounts collected. The legislation enables IESO to record the under-collection of GA in a variance account, and deems this under-collected amount to be a "Regulatory Asset".

The OFHPA provides for ~~the~~ IESO to sell all or a portion of the Regulatory Asset (i.e., to sell the right to recover those deferred amounts from specified consumers in the future). Under the ~~O~~FHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG as the Financial Services Manager under the ~~O~~FHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly the Province) from the capital markets.

OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a ~~change of law~~ protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

- Providing this~~, in a May 2017 TB/MBC item reviewing proposed FHPAOntario Fair Hydro Plan legislation,~~ through Provinc~~ial~~ assurance and guarantee provisions~~,~~ was recommended in a May 2017 TB/MBC item reviewing proposed FHPA.

What would trigger the protection agreement?

Ontario Financing Authority (OFA), the Ministry of Finance and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances (Appendix C provides the non-binding term sheet):

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the ~~O~~FHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or ~~*unenforceable*~~*ultra vires*; and
- A change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investment interest so that it can pay its funding obligations~~[Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt obligations~~.

~~*Note: this third protection event is not included in the current draft of the term sheet*~~

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~~*agreed to by Ministry of Finance staff; however, OPG is expected to continue to negotiate for its inclusion. It has been included in the TB submission, but may be removed once negotiations are complete, prior to TB/MBC consideration of this item on September 26, 2017.]*~~

….the third bullet isn't change of Law related?…

Financial:

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of Ontario's Fair Hydro Plan (OFHP) ~~the OFHP~~ and peak at approximately $20B ~~an estimated $24B to $26B~~ of debt (final cost forecasts TBC), including principal and accumulated interest.

- In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

Financial (Risk) – In the event the protection agreement is triggered:

The Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers. This would likely have implications for the Province's fiscal plan and appropriation requirements.

- The Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. The worst case scenario would be the Province assuming the debt at its peak at which point interest on debt (IOD) expense could increase between $0.8B and $1.3B per annum (final cost forecasts TBC), depending on the interest rate at which the Financing Entity will be able to borrow at.
- In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged. In addition, the Province would ~~also~~ have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The Ministries indicate that if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (~~Interest On Debt (~~IOD~~)~~ expense) will depend on whether or not some portions of the OFHPA continue in some form, or not.

- For example if the ~~If the~~ payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used.

Commented [AS2]: May or may not be the result of a change of law.

Commented [HS(3]: This is inconsistent with the Aug 31 Submission

Thought the estimated debt # was lower?

- Debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

Name of analyst:	James Strang	**Phone number:**	416-325-2071
Date:	September 18, 2017	**Log number:**	
Branch / Division:	GGPR / PEMD / Treasury Board Secretariat		

APPENDIX A: PROPOSED MINUTE (UNDER DEVELOPMENT)

Approve the Ministries plan for implementing provisions of the ~~Ontario~~ *Fair Hydro Plan Act, 2017* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc. In particular, that under certain circumstances the Province would pay when due amounts in respect of the obligations of the Financing Entity (Established by OPG).

In this regard,

i) Authorize that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the ~~Ontario~~ *Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out non-binding term sheet – Provincial Protection and Assurances Indicative Term Sheet including in the TB/MBC Submission, (… minuting an attachment?…or include key parameters in minute only, given request for the subject to revisions provision…) and subject to such revisions that the two ministers acting together may determine;

ii) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the FHPA~~Ontario Fair Hydro Act~~, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   a) ~~to~~ To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
   b) ~~to~~ To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

Commented [AS4]: Recommend referring to the attachment rather than key parameters (limit potential revisions to the term sheet)

APPENDIX B: FINANCIAL TABLES

FINANCIAL IMPACTS: CHANGES TO EXPENSE AND REVENUE					TABLE B1
		Fiscal Plan Basis			*Appropriations Basis*
$ Millions		**2017-18**	**2018-19**	**2019-20**	**2017-18**
Initiative cost recommended					
Expense changes:					
	Oper				
Expense Offset:					
	Oper				
	Oper				
Total Fiscal Impact		0.0000	0.0000	0.0000	**0.0000**

APPENDIX C: EXCERPT FROM ~~*ONTARIO*~~ *FAIR HYDRO PLAN ACT, 2017*

Protection and assurances

Prohibition

5 (1) No action or omission by the Board, the Minister or the Crown shall be effective to reduce, impair, postpone or terminate the obligations of specified consumers to pay amounts in respect of the clean energy adjustment or to impair or postpone the invoicing, collection or remittance of the clean energy adjustment.

Agreements

(2) The Minister and the Minister of Finance may together, with the approval of the Lieutenant Governor in Council, enter into agreements on behalf of the Province of Ontario with any person in respect of this Act, including agreements regarding the performance of the IESO or electricity vendors under this Act or related transactions.

Guarantee, indemnification

(3) The Lieutenant Governor in Council may by order,

(a) authorize the Minister and the Minister of Finance, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity;

(b) specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance; and

(c) specify a maximum liability for the guarantee or indemnity.

APPENDIX D: NON-BINDING TERM SHEET

Commented [AS5]: Update to Sep 18 version

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the General Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council

	makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*), in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act or the Regulation is *ultra vires* in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent.

Optional Replacement:	At any time following the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable, the Obligor shall be entitled (but not obligated) to replace the Financing Entity as obligor and debtor and directly assume all of the Financing Entity's outstanding obligations and liabilities. The Financing Entity (including through the Financial Services Manager) will ensure that any obligation and liabilities undertaken or assumed by it will by their terms permit such a replacement and assumption (or, if applicable, satisfaction and termination) by the Obligor without additional cost or penalty and without any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The Change of Law Protection Agreement will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Protection Agreement applies to such Specified Claim. The Change of Law Protection Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Protection Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims. The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.

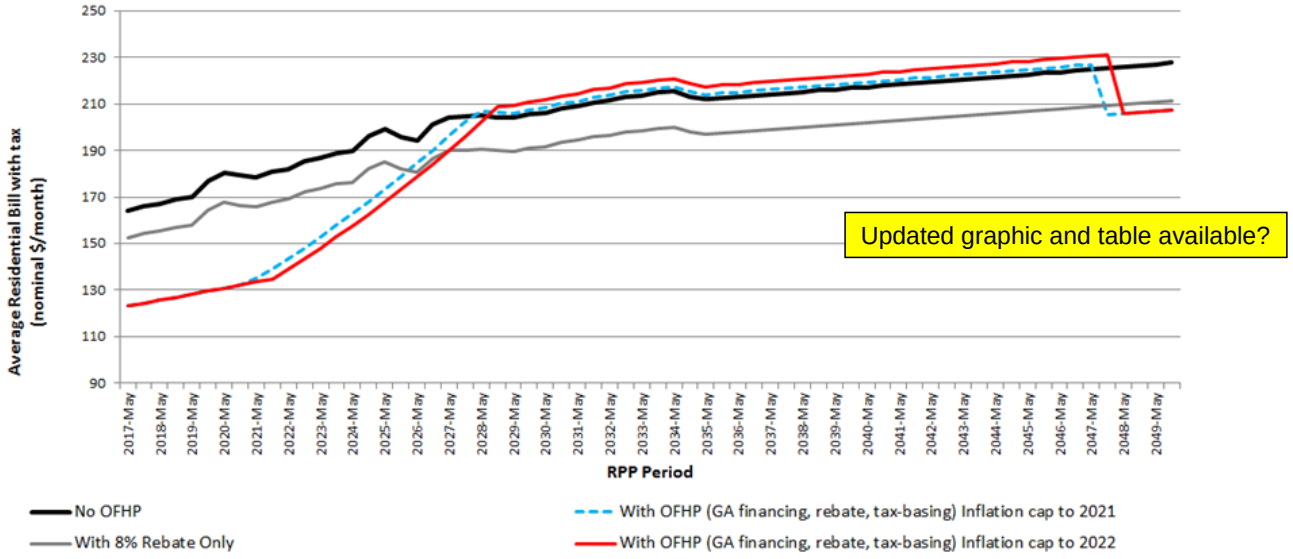
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

APPENDIX E: PROFILE GLOBAL ADJUSTMENT SMOOTHING FOR RPP – ELIGIBLE ONLY – MAY 2017 TB/MBC SUBMISSION

Commented [HS(6]: Recommend that we don't include this reference.

The following graphic and table shows the multi-year profile of the planned approach to GA Smoothing that was included with the May 2017 TB/MBC Submission. The table below supports the Ministries assessment that the potential contingent liability under the protection agreement over the duration of the OFHP would peak at an estimated $24M to $26B (subject to final cost forecasts TBC), including principal and interest.

Commented [ESP7]: These numbers and the table below are pending finalization of costs forecasts – this work is still ongoing with OPG.



Updated graphic and table available?

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Average monthly bill with OFHP ($/month)	124	126	129	131	137	146	155	165	176	187	199	207	207	209	212	214	216	216	214	215	216	217	219	220	221	222	223	224	225	226	216	206
Year-over-year change (%)	n/a	2.01	2.01	2.01	4.25	6.44	6.44	6.44	6.44	6.44	6.44	3.61	0.08	1.20	1.29	1.14	0.93	-0.04	-0.88	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	-4.37	-4.61
Impact of GA financing and tax-basing ($/month)	-29.9	-30.0	-35.0	-34.4	-28.8	-24.0	-17.8	-14.2	-3.3	3.4	12.2	16.4	16.5	16.7	16.9	17.1	17.2	17.1	17.0	17.1	17.2	17.3	17.4	17.5	17.6	17.6	17.7	17.8	17.9	18.0	-3.9	-4.0
Total accumulated debt ($B)	2.5	5.2	8.2	11.6	14.7	17.5	19.9	22.0	23.5	24.1	24.2	23.7	23.1	22.5	21.8	21.0	20.1	19.2	18.3	17.2	16.1	14.9	13.7	12.3	10.9	9.3	7.7	5.9	4.1	2.1	0.0	0.0
Total change in accumulated debt ($B)	2.5	2.6	3.0	3.5	3.1	2.8	2.4	2.0	1.6	0.6	0.1	-0.5	-0.6	-0.6	-0.7	-0.8	-0.8	-0.9	-1.0	-1.0	-1.1	-1.2	-1.3	-1.4	-1.4	-1.5	-1.6	-1.7	-1.9	-2.0	-2.1	0.0

Notes: Assumes 30 year financing period and a nominal interest rate of 5% (compounded monthly). Ratepayer GA payments increase annually beyond 2020 such that the average monthly residential electricity bill increases by 6.3% per year to a maximum of $2.2 billion above the true cost of GA in any given year to cap repayment charges at around 10% of total bill. IESO forecast is based on IESO's revised OPO forecast as of February 2017. Includes the cancellation of LRP II and EFW, expansion of ICI. Does not include smoothed OPG rates. Above residential bill is based on a 750 kWh per month Toronto Hydro customer. Data shown above is by RPP period. Assumes RPP prices are adjusted in July 2021 instead of May 2021 to coincide with the end of the inflation cap. Fair allocation amounts subject to third party review.

APPENDIX F: OVERVIEW OF RISKS

Prepared by TBS staff, the following chart, as part of the May 2017 OFHP implementation update focused on the proposed legislation. It provides an overview of strategic (versus operational) risks to inform the approval/decision making process regarding the proposed legislation. Each part, GA Partial Refinancing & Electricity social programs, is a separate table.

The current submission, ~~Change of Law~~ Provincial Protection Agreement, is reflected under the risk "Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding" (page 16) as part of risk mitigating strategy.

Global Adjustment Partial Refinancing:

Objective: Provide immediate ratepayer relief by capping rate increases at Consumer Price Index (CPI) for four years and refinancing GA costs over a longer period of time. Develop and implement a financing structure that increases provincial borrowing, but has no impact on annual provincial surplus/deficit.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA smoothing being allocated to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there could be a negative impact on the province's fiscal plan up to $2.5B in 2017-18 and rising. • Rating agencies and investors in the Province's debt may view all of the borrowing as an obligation of the Province, especially taking into account the nature of provincial guarantees, which could put pressure on the Province's credit rating and overall borrowing capacity. • Proposed structure may result in a negative response from Ontario Auditor General (OAG) due to previous concerns regarding recognition of rate regulated assets and liabilities. The AG has already expressed concerns regarding the accounting treatment on the IESO's books which could lead to a qualification of the Province's consolidated financial statements. • Initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to justify structure of financial model and be utilized in discussions with the OAG. • Identify potential options to minimize the balance of rate regulated assets remaining on the IESO's books at fiscal year-end.

Risk	Level of Risk	Risk Response
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.
A legal determination that the Province is spreading the costs of GA financing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Medium **Risk Impact:** High **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and close monitoring of costs and changes in variables built into model. • Analyze the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Financing the costs of GA smoothing through OPG SPV/Trust and the volatility of interest rates may increase the cost of GA smoothing and/or require additional provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Moderate **Time Scale:** 12 to 24 months **Rationale** • The proposed structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on interest rate for borrowing, the amount of equity/funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the government to offset a part of the scheduled increases. • Risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's ratings and cost of borrowing.	Risk can be avoided by: • Province providing a potential guarantee for the cost of borrowing – however, would redirect risk back to the Province and negate benefits of proposed financing structure. Risk can be mitigated by: • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost. • Proposed legislation to enable GA refinancing has been draft with input from third-party financers. Provides a 'narrow' provincial guarantee and ensuring that debt holders have the right of action against a future government to recover the amount outstanding including interest, fees, expenses and any damages.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA Refinancing having a fiscal impact to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there would be a negative impact on the province's fiscal plan of up to $2.5B in 2017-18 and rising. • Rating agencies and investors in Province's debt may view all of the borrowing as an obligation of the Province, which could put pressure on the Province's credit rating and overall borrowing capacity. • The proposed structure may result in an opinion from the Ontario Auditor General (OAG) considering previous concerns regarding recognition of rate regulated assets and liabilities. The OAG may take this into account when the provincial books are audited. • An initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards. Additional analysis is still required.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to support discussions of the financial model with the OAG.
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.

Risk	Level of Risk	Risk Response
A legal determination that the Province is spreading the costs of GA refinancing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and ongoing monitoring of costs and changes in variables built into model. • Analysis of the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** 12 to 24 months **Rationale** • The proposed borrowing structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on the interest rate for borrowing, the amount of equity / funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • There is a risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's own ratings and cost of borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B (in the March 1, 2017 Cabinet Submission) is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the province to offset a part of the scheduled increases. • Fiscal impacts will be subject to fluctuations in Ontario electricity demand, GA and interests rates in the medium-to long term. As well as if a protection agreement is called upon: o OPG, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.	Risk can be mitigated by: • Providing a "provincial guarantee" for the cost of borrowing. • Drafting legislation to provide assurance to OPG and investors regarding the permanence of the GA refinancing framework and the authority of the legislation to pass the legislation; and enable the Province to guarantee borrowing of the trust in the event of a market disruption. • Specifics of a guarantee are dependent on the negotiation of agreements not yet initiated. Limiting triggers of a protection agreement to legislative (regulatory) changes and/or judicial decisions etc. • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost.

Electricity social programs (Enhancing Electricity Support & Conservation Programs):

Objective: Shift funding of existing and new electricity support programs (RRRP, OESP, Affordability Fund, First Nations Credit) from rate to tax base.

Risk	Level of Risk	Risk Response
Uncertainty in forecasting due to exposure to changes and/or volatility (i.e. interest rates, electricity usage patterns, and distribution costs) may result in higher than anticipated fiscal impacts for the Province.	**Risk Likelihood:** Possible **Risk Impact:** Major **Timescale:** 12 to 24 months **Rationale:** • The energy sector is complex and a number of key assumptions used as inputs into forecasting model are variables/forecasts themselves, resulting in a high inherent risk that cost estimates are inaccurate. • Fiscal projection is highly dependent on factors which can fluctuate from year to year, including: o electricity usage; o distributions costs; and o consumer consumption patterns that may change due to extreme weather or other factors. • Fiscal projection is subject to knowledge of future distribution costs and dependent on submission of cost of service applications by Hydro One and LDCs. o Enhanced RRRP may create disincentives from the eligible LDCs towards productivity and performance improvements and/or cause ineligible LDC's to drive up distribution costs to gain access to program.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the forecasting models.

From:	Ken Kandeepan
To:	John Kim; Ronald Kwan
Cc:	John Psinas; Anna Strathy
Subject:	RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Wednesday, September 20, 2017 10:49:28 AM

Thanks John we will proceed accordingly on that basis.

Ken k

From: John Kim
Sent: Wednesday, September 20, 2017 10:49 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Ken,

Not sure if Ron is available but I am fine with the direction you're suggesting at my level.

Thanks,

John

From: Ken Kandeepan
Sent: Wednesday, September 20, 2017 10:42 AM
To: John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi

As a an addendum to my previous email, Gadi suggests that we limit the range from 4.2% to 5.0% and ignore the 3.5% which appears to be too low based on current rates. As such the range in the TB submission will be $0.8B to $1.0B.

Pls let me know if that works from your perspective.

Thanks

Ken k

From: Ken Kandeepan
Sent: Wednesday, September 20, 2017 10:21 AM
To: John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>

Cc: John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Ron and John

The previous IOD impact estimate that was also shared with the OAG assumed interest rates of 5.0, 4.2 and 3.5. At this point in time I don't believe there's much value added in a detailed assessment, rather a simple application of the max and the minimum to the peak debt of $20B should suffice. This translates into an IOD range of $0.7B to $1.0B (the reference is to be found on page 3 of the attached).

Thanks and pls let me know if this makes sense.

Ken k

From: Anna Strathy
Sent: Wednesday, September 20, 2017 10:11 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Ken,

Attached is the consolidated comments on the TBS analyst's note. At this morning's meeting with Energy, MOF, and TBS, Steen confirmed that latest estimate for peak debt is $20B (not $24 to $26B as previously estimated). I expect this will impact our IOD estimate – would you be able to provide a revised estimate for IOD? It will need to be included in an updated submission for the Minister tomorrow.

Anna

From: Anna Strathy
Sent: Wednesday, September 20, 2017 6:49 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Gadi,

Attached for your review, is the TBS Assessment note, with comments and track changes from Energy (Steen's group), MOF Legal (Malle) and OFA (Ken and myself). We've also responded to a few of the analyst's questions below in red.

The only comment from Energy that will require follow-up is Steen's cost estimates (he recalls peak debt for the program at $20B whereas we have used the $24B to $26B estimate). I'll follow up with Energy and OFA staff on this.

Thanks, Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Tuesday, September 19, 2017 9:36 AM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi,

Attached is a draft TB/MBC note based on draft submission version 8 (also attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.

Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

- Draft sub takes about a Change of Law Protection Agreement and identifies three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify. The working title of the agreement is the Provincial Protection Agreement; however it is still subject to change.
    - Regarding the third trigger, is this in or out? If in, is there any consideration being given to the Province to narrow the very broad scope? The third trigger is in and it's been narrowed to ensure only a change that adversely impacts the ability of the Financing Entity to collect payments would trigger the protection agreement.
- What are derivative agreements? Payments under derivative agreements? Derivatives agreements are financial contracts entered into by parties to hedge financial risk associated with borrowing for example. In this particular circumstances, the Financing Entity might enter into interest rate swap agreements to hedge the interest rate payable on its issued debt.
- Does the Province have any consideration/protection regarding the

subsequent form of obligations, securities/derivatives that can be brought/offered to the market? The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period.

- Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does the requested minute cover off s28 FAA? The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the 2 Ministers seeking the OIC in the form attached. The Minister of Finance will also be requested to approve under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

Thanks in advance,

James Strang
416-327-2071

From:	John Kim
To:	Ronald Kwan
Subject:	RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Thursday, September 21, 2017 10:27:04 AM

No, it's the first time I see the deck.

From: Ronald Kwan
Sent: Thursday, September 21, 2017 10:24 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi John,

Have you been getting iterations of this MOF briefing deck as it was being drafted? It's roots appear to be from GBED`s deck for the Minister of Energy from late August.

Ron

From: Anna Strathy
Sent: September-20-17 15:29
To: Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

And here is the updated deck – only change is to slide 6 – the peak debt and IOD #s. We will use this version for the DM/Minister briefing tomorrow.

Anna

From: Anna Strathy
Sent: Wednesday, September 20, 2017 3:26 PM
To: James Strang (MOF) <James.Strang@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>
Cc: 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'Hosick, Sarah (TBS)' <Sarah.Hosick@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>

Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi James, Jonathan,

At this morning's 8am meeting with Energy, Deputy Thompson requested a few small tweaks to the submission prior to Minister Sousa's briefing tomorrow. Please find attached, a clean and track-change version of the updated submission.

In addition to the Deputy's comments, we have also updated the peak debt estimate (and associated IOD costs) to reflect the latest information provided by the Ministry of Energy.

Happy to discuss.

Thanks, Anna

From: Anna Strathy
Sent: Wednesday, September 20, 2017 11:00 AM
To: James Strang (MOF) <James.Strang@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi James,

Please find attached, consolidated comments and edits from the OFA, Energy, and MOF Legal, as well as responses to your questions, below.

Please don't hesitate to contact me should you have any questions.

Thanks, Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Tuesday, September 19, 2017 9:36 AM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko

(MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi,

Attached is a draft TB/MBC note based on draft submission version 8 (also attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.

Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

- Draft sub takes about a Change of Law Protection Agreement and identifies three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify. The working title of the agreement is the Provincial Protection Agreement; however it is still subject to change.
    - Regarding the third trigger, is this in or out? If in, is there any consideration being given to the Province to narrow the very broad scope? The third trigger is in and it's been narrowed to ensure only a change that adversely impacts the ability of the Financing Entity to collect payments would trigger the protection agreement.
- What are derivative agreements? Payments under derivative agreements? Derivatives agreements are financial contracts entered into by parties to hedge financial risk associated with borrowing for example. In this particular circumstances, the Financing Entity might enter into interest rate swap agreements to hedge the interest rate payable on its issued debt.
- Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market? The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period.
- Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does

the requested minute cover off s28 FAA? The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the 2 Ministers seeking the OIC in the form attached. The Minister of Finance will also be requested to approve under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

Thanks in advance,

James Strang
416-327-2071

From:	Hanslep, Malle (MOF)
To:	Gadi Mayman
Cc:	Anna Strathy; Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Ken Kandeepan
Subject:	RE: Prtection Agreement briefings
Date:	Wednesday, November 22, 2017 3:01:08 PM

Thanks Gadi. I think this is fine for now and I will contact Steve to let him know we don't' yet know what the briefing time is.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 22, 2017 1:34 PM
To: Hanslep, Malle (MOF)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA)
Subject: Re: Prtection Agreement briefings

Hi Malle, I'd originally thought that we'd be briefing the Ministers soon, but I'm not sure given where the discussions have gone over the past couple of days whether that's the case anymore.

We have our regular working group meeting including the Deputies and all of the electricity agencies tomorrow morning where timing may become clearer, but I realize that doesn't help with your questions given Steve's travel schedule. Away from the timing, I think that your suggestions on content make sense.

I've added my colleagues at the OFA, as they may have heard more from Energy or OPG today. Anna could also check in with our DMO to see whether they have expectations around timing, but my feeling is that they're waiting to hear from us on recommendations.

Thanks,
Gadi

On Nov 22, 2017, at 12:28 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi Gadi,
>
> Do you know when the Ministers are expected to be briefed on the protection and process agreements? It might have been mentioned yesterday that it might happen next Monday or sometime next week.
>
> I had mentioned Steve that there would be a briefing at some point and asked him to prepare some slides describing a legal summary of the agreements which could be attached to any briefing materials being prepared for the briefing. One of the other items that would have to be signed by the Minister of Finance is a 28 approval of the 2 Ministers entering into the other agreements so there should be some briefing material on this point as well.
>
> Steve is going to be out of the country beginning tomorrow for a week or so and he is preparing these materials and lining up counsel who will be covering for him during this period. At this point, we don't know who will be at the briefing and whether we would like Blakes' to attend but he will line up someone and

possibly be available by telephone if we would like.

If you have any more information on the timing and content of the briefing and who would be expected to be there it would be appreciated so I can pass this on to Steve today.

Thanks.

Malle

I

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

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From: Hanslep, Malle (MOF)
To: Gadi Mayman
Cc: Anna Strathy; Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Ken Kandeepan
Subject: RE: Prtection Agreement briefings
Date: Thursday, November 23, 2017 9:15:10 AM

Thanks Gadi.

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 23, 2017 9:14 AM
To: Hanslep, Malle (MOF)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA)
Subject: Re: Prtection Agreement briefings

At our morning meeting it was decided that the target date for the tri-Minister meeting would be next Thursday the 30th. If Andrew can't get the three Ministers together for the 30th, which is the preferred date, the fallback would be Monday the 4th.

Gadi

On Nov 22, 2017, at 3:01 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Thanks Gadi. I think this is fine for now and I will contact Steve to let him know we don't' yet know what the briefing time is.
>
> ---
>
> **From:** Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
> **Sent:** November 22, 2017 1:34 PM
> **To:** Hanslep, Malle (MOF)
> **Cc:** Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA)
> **Subject:** Re: Prtection Agreement briefings
>
> Hi Malle, I'd originally thought that we'd be briefing the Ministers soon, but I'm not sure given where the discussions have gone over the past couple of days whether that's the case anymore.
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> We have our regular working group meeting including the Deputies and all of the electricity agencies tomorrow morning where timing may become clearer, but I realize that doesn't help with your questions given Steve's travel schedule. Away from the timing, I think that your suggestions on content make sense.
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> I've added my colleagues at the OFA, as they may have heard more from Energy or OPG today. Anna could also check in with our DMO to see whether they have expectations around timing, but my feeling is that they're waiting to hear from us on recommendations.
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> Thanks,
> Gadi

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If you have any more information on the timing and content of the briefing and who would be expected to be there it would be appreciated so I can pass this on to Steve today.

Thanks.

Malle

I

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: Anna Strathy
To: Ronald Kwan
Cc: Gadi Mayman
Subject: RE: RE:
Date: Thursday, December 07, 2017 1:20:30 PM

Thanks for letting me know, Ron.

From: Ronald Kwan
Sent: Thursday, December 07, 2017 12:54 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: Re: RE:

Hi,

I'm sure you have good coverage already on this meeting anyways Anna, but just noting that I have conflicting meetings at 2 and 2'30, so I likely won't be able to make it.

Ron

On Dec 7, 2017, at 12:37 PM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:

> Happy to set up the call for 2pm. Invite to follow.
>
> ---
>
> **From:** Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> **Sent:** Thursday, December 07, 2017 12:05 PM
> **To:** ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
> **Cc:** Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject:** RE:
>
> Hi all,
>
> These are really just my notes as I went through the agreement mark-up. Hopefully we can have a call at about 2 pm to go through the mark-up.
>
> Thanks.
>
> Comments on Process Agreement. Some of these questions relate to the closing logistics.

1. What date will the agreement be “dated as of”?

2. P. 1, fifth recital – Agree with changes to reference the final form of the Transaction Documents as described in Exhibit “A”. Regarding mechanics – to whom will OPG send the final forms and when and who will confirm to OPG on behalf of the Province that such Transaction Documents will constitute Reference Documentation? Is it necessary to include the phrase “and the Province has not objected to such forms” since the Province is not actually given a contractual right to object to the forms?

3. P. 1 6th recital – When is it expected that OPG will deliver the Financing Plan to the Minister of Energy as required under the statute? i.e. the final version of the financing plan. Will it be done by the time the Ministers are to be briefed on and requested to sign the Protection and Process Agreements. Is the Minister of Energy going to be acknowledging receipt of the Financing Plan? We understand that the Initial Forecast will be included in the Financing Plan? Is it a single dollar amount? And the Initial Protection Agreement Maximum will be the same dollar amount?

4. 2.01(b) and 2.02(a) and 3.05(a) – New definition of Material Effect inserted to cover

5. 2.02(a)(D) – think Province agrees to delete (D) since assumption election has been deleted.

6. 2.02(c) and (d) – think Province is agreeable to this too.

7. 2.02(b) – OPG obligation to notify Province of Breach Events and Program Breaches added

8. 3.01(a) – think an estimate is fine.

9. Footnote 2 – Will need to discuss Oslers’ email from last evening and interaction with the Process Agreement

10. 4.01(b) – Agree with deletion here because purpose is not to disagree based on inaccuracies in the Financing Plan but only with respect to the Forecast (which is contained in the Financing Plan)

11. 6.01 – Amendments to Breach Events to specifically reference in obligations related to “material effect” amendments

12. Footnote 3 - Agree that reference documentation related to term deal should be deleted now as there will not be time to finalize now.

From:	Hanslep, Malle (MOF)
To:	Hresa Gavaris; Gadi Mayman; Anna Strathy; Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Usman Zahid
Subject:	RE: Regroup | Protection Agreement
Date:	Monday, November 27, 2017 2:58:49 PM
Attachments:	Draft Documents Nov 27 2017.docx

Here is a draft setting out some of the outstanding points for our discussion at 3:30.

-----Original Appointment-----
From: Hresa Gavaris [mailto:Hresa.Gavaris@ofina.on.ca]
Sent: November 27, 2017 2:23 PM
To: Mayman, Gadi (OFA); Strathy, Anna (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Zahid, Usman (OFA)
Subject: Regroup | Protection Agreement
When: November 27, 2017 3:30 PM-4:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference #416-212-8011 ID: 4717656

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CONFIDENTIAL AND PRIVILEGED LEGAL ADVICE – Nov 27, 2017

Process Agreement

1. OPG has moved the provisions respecting delivery of the Initial Financing Plan, Initial Forecast and Initial Protection Agreement Maximum into the recitals as actions that have taken place prior the Ministers executing the Process Agreement and Protection Agreement. They would like to add a list of the "reference" agreements, the Initial Financing Plan and Initial Forecast as exhibits to the Process Agreement. This doesn't work for a number of reasons including:
   - The authority for provincial staff to "not object to" and "confirm" these documents flows from the Ministers' power to determine the terms and conditions of the limited guarantee.
   - The agreements and financing plan will not be in final form at the time that OPG is hoping that the Ministers sign the Process Agreement and Protection Agreement so it is not possible to attach the final form then
   - This reduces flexibility for the Province in reviewing these documents and revises the approach that has already been agreed to through negotiation to date on numerous iterations of the process agreement .
   - The recitals are inaccurate as the Province doesn't have a role to "not object to the financing plan" in any case so it seems like OPG is trying to obtain some agreement on a point outside the parameters of the process agreement.
   - The Province's role as set out in 4.01(b) of the process agreement concerns how the Protection Agreement Maximum can be established: "the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the province, address any inaccuracies and inconsistencies so the reasonable satisfaction of the province and OPG and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.
   - Also, most likely the previously existing reference to the "no objection" to the Reference Agreements should be moved into the body of the agreement because it is not likely that these agreements will be in final form prior to the requested date for execution. This would be an amendment to 3.03 (a).

2. In general, would like to discuss the point whether the approach that certain documents (Reference (Reviewed) Agreements and the delivery of the Initial Forecast and subsequent Forecasts and Protection Agreement Maximum)

are delivered to the Province and will be accepted unless the Province objects or disagrees with them. Right now there is a 10 day period for disagreeing in writing with forecast and Maximum Protection Agreement Maximums. There is in 3.03(b) a 10 day period for Province to object to amendments to Reference Agreements. Is this an acceptable approach? The original approach was for the Province to positively confirm in writing acceptance or approval but this was revised a few drafts ago. The reason for the revision was based to a certain degree on the limited time that the Province has to review any of the Reference Agreements and as a result the defined term was changed as well. Do we need a bit more certainty around process here? To whom at the Province will these documents and who will make the decision that the province does not object?

3. 3.01 Process Certificate: OPG has significantly reduced the amount of information and its responsibilities under the process agreement and is proposing to only provide the Province with a certificate under 3.01 in the same circumstances that OPG is giving one to the dealers. The Province agreed to limit delivery of OPG's certificate under the Protection Agreement because dealers' counsel refused to agree to provision of a certificate in the case where funding obligations were amended (and the province agreed to a compromise position where notice of amendments is given to the province under the trustee indenture amendment provisions). OPG has now deleted delivery of that certificate to the Province under the process agreement too, which was never discussed or agreed to by the Province. In addition, it has narrowed the obligations for which a certificate is provided under the process agreement to the narrower category of Certified Primary Obligations – borrowing, master ISDA and other agreements above a $5million thresholds, etc. The Province agreed to a narrower circumstance in the Protection Agreement on the insistence of dealers counsel that there was too much uncertainty associated with when the guarantee applied and so these categories were delineated. Again, there was no discussion about so restricting the delivery of certificates under the Process agreement. The principle is quite different and the Process Agreement is about the province and OPG. In particular, think that the point about whether delivery of a certificate on an ISDA under the protection agreement was left open – if this is carried over to the process agreement too, then the Province will receive no information about swap transactions as part of a certificate.

4. 3.02 Acknowledgement – OPG added a provision in which Province acknowledges that OPG will provide a certificate to Indenture Trustee and that if there is a Suspension Notice, OPG agrees not to deliver any further certificates. In general, this provision seems ok, but OPG deleted the Suspension Notice Delivery provision which should be re-inserted with the specific range of suspension events.

5. 6.01 Election to Assume – Province needs to make decision as to whether to retain the right. Blakes has described the options as follows; include a defeasance right (which reduces costs of continued structure but requires additional issuance by Province to offset the financial entity's obligations) plus the obligation on OPG to include termination rights in other agreements. OR not pursue this assumption right further given the complexities and time pressures associated with it and entirely deleted the assumption right from the agreements or leave in the modified right in the knowledge that it is not likely effective or of any use because it is reliant upon any specific funding obligation including rights of assumption in the terms. There does not appears to be sufficient time to include an assumption right into the warehouse and current proposed term loan and exactly how it would work would be difficult to draft given that the Province wouldn't expect to sign up to all of the same covenants. Note deletion of obligation on OPG to cause Financing Entity to use commercially reasonable efforts to include assignment provisions in funding obligations

6. 2.02(c) – OPG inserted that its obligations are subject to OPG's obligation as FSM and as Manager. We had asked them to narrow this wording so that it identified any points at which their fiduciary or other obligation under those agreements might conflict with this agreement, but they didn't so the effect is that they could rely on this to say that in any particular case there is a conflict with their other role so they can't comply with their obligation to the province

7. 2.02(c) – OPG wants to reference that nothing in the Protection Agreement limits the obligations of the Province under the Indemnity Agreement to indemnify OPG. [If OPG breaches an agreement with the Province, then why should the Province indemnify OPG for any claim the Province has against it.]

8. 2.02(b)(iv) – OPG says they will not be aware of any event that with the passage of time or the giving of notice would be a Protection Event – we proposed adding "known to OPG" as if they do know something they should not go ahead and exercise redemption etc. rights.

Protection Agreement

1) **Process and Logistics**: Province would like to have time to review and settle agreements before executing any agreements.
2) **2.04 Protection Account**: Mechanics to be settled between Torys and Blakes.
3) **2**.08: This deletion is related to the deletion of the termination and suspension rights. The deletion is probably fine if the Province cannot eliminate the structure by assumption of the obligations upon a Protection Event.
4) **Article IV**: Approved Obligations: There are several major changes to this section:

a) **Introduction of the concept of "Certified Primary Obligations".** This is a new defined term that narrows the scope of when a certificate would need to be issued in order for the Limited Guarantee to attach to a particular obligation of the Financing Entity.
b) Certificate has only to be delivered "before the incurrence of a Certified Primary Obligation" which means that it could be almost simultaneous.
c) They have changed reference to content of certificate to Indenture Trustee (on behalf of bondholders, etc, other parties secured under trust indenture) to confirm that all certifications required by the Province have been provided instead of OPG confirming that all of its obligations to Province and internal requirements and processes in connection with adherence of Limited Guarantee have been done.
d) This is linked to another major change they have proposed to the Process Agreement – looks like they are reducing OPG's obligations to provide certificates to the Province to mirror those that OPG is providing to the Indenture Trustee. This is a significant point and reduces OPG's obligations under the Process Agreement quite a bit and was not discussed at last Tuesday's meeting.

5) **Article VI: Assumption**.
   a) Assumption right to be considered generally. Given the changes that have been made and the reality that OPG is not building this right into the initial documents means that there is limited prospect for the assumption right to be meaningful. Even if exercised with respect to some obligations, does not remove the structure in the event of a Protection Event because there will still be outstanding obligations that are not capable of being assumed, except where the Province is subject to negotiations with certain creditors who may not allow assumption without compensation.
   b) Subrogation rights have been deleted, but this is important to the Province to be able to subordinate to the rights in the collateral if the obligations are assumed under the Protection Agreement.
6) **Article VII: Indenture Trustee Matters**.
   a) The reps and warranties of the Indenture Trustee should conform to those in the Trust Indenture.
7) **Article VIII – Suspension of Adherence**. Tory's has significantly reduced the rights of the Province with respect to the Province's rights to suspend the adherence of the Limited Guarantee to new obligations. This relates to the Process Agreement. In previous versions the Province had a right to suspend based on a breach of the Process Agreement, and this has been carved back to a narrower right to suspend based on a breach in connection with an incurrence of a Primary Obligation. This needs to be revised to provide a link so that a breach of the Process Agreement can result in a suspension of the Limited Guarantee for new obligations going forward.

8) **Definition of “Refinancing”**. This should be linked to the Act and Regulations. The General Regulation allows for a Refinancing to include amounts incurred within 6 months prior to the maturity date of a funding obligation. Need to consider whether this could lead to any problems with amounts that are intended for a refinancing but then are not used to refinance such debt.

From: Ken Kandeepan
To: Anna Strathy; Ronald Kwan; Mike Manning
Subject: RE: Regroup on Provincial Protection Agreement
Date: Tuesday, September 19, 2017 8:51:06 AM

I have a tele conference from 9.30 to 10.30, however, FTD managers are participating so if that is the ideal time for everyone else I can make myself available. I am free after 10.30 as well.

Thanks

Ken k

From: Anna Strathy
Sent: Tuesday, September 19, 2017 8:48 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Regroup on Provincial Protection Agreement

I thought we may want to regroup with Gadi this morning on yesterday's meeting with OPG and Tory's. Could you please advise of your availability between 9:30am and 12pm?

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

From: Mike Manning
To: Anna Strathy; Ronald Kwan; Ken Kandeepan
Subject: RE: Regroup on Provincial Protection Agreement
Date: Tuesday, September 19, 2017 8:49:17 AM

9:30 to 10:30 for me.
Mike

From: Anna Strathy
Sent: Tuesday, September 19, 2017 8:48 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Regroup on Provincial Protection Agreement

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Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

From: Anna Strathy
To: Ronald Kwan; Ken Kandeepan
Cc: Mike Manning
Subject: RE: Regroup on Provincial Protection Agreement
Date: Tuesday, September 19, 2017 8:55:01 AM

Thanks everyone. We'll do 9:45am. Invite to follow.

From: Ronald Kwan
Sent: Tuesday, September 19, 2017 8:54 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: Re: Regroup on Provincial Protection Agreement

Hi,

I have internal meetings that I could move, so I'm available.

Ron

On Sep 19, 2017, at 8:51 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> I have a tele conference from 9.30 to 10.30, however, FTD managers are participating so if that is the ideal time for everyone else I can make myself available. I am free after 10.30 as well.
>
> Thanks
>
> Ken k
>
> ---
>
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> **Sent:** Tuesday, September 19, 2017 8:48 AM
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Subject:** Regroup on Provincial Protection Agreement
>
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>
> Anna
>
> Anna Strathy
> Special Policy Advisor to CEO
> Ontario Financing Authority
> 1 Dundas Street West, 14th Floor
> 416.325.8032 | anna.strathy@ofina.on.ca

From:	Anna Strathy
To:	Malle Hanslep (MOF); Hosick, Sarah (TBS); Hilary Cox (ENE)
Cc:	Patrick Laughton (MOF); Jonathan Tekle (CAB); Gadi Mayman; Ronald Kwan; Ken Kandeepan; Mike Manning; Tobias P. Whitfield (MOF); Mark Donaldson (MOF); Tim Christie (ENERGY); Thouin, Alena (ENERGY)
Subject:	RE: Request for input by 2PM: Deck to support tri-Ministers briefing tomorrow
Date:	Tuesday, November 28, 2017 3:07:00 PM

Thank you, Malle. Very important items which you've raised – I'll be sure to include.

My understanding is that the purpose of the briefing is to familiarize the three Ministers with the agreements, before they track for approval/signature at a later date. The briefing will include some context – i.e., term sheet approved at TB – a high-level description of the agreements, risks/considerations and next steps. Not sure who will lead – likely some combination of Energy, MOF Legal, OFA, and OPCD on the accounting considerations.

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Sent: Tuesday, November 28, 2017 3:01 PM
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Date:	Tuesday, November 28, 2017 2:57:54 PM

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From:	Ken Kandeepan
To:	Tobias P. Whitfield (MOF); Malle Hanslep (MOF); Veinot, Cindy (TBS); Anna Strathy; Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); "stephen.ashbourne@blakes.com"; Hresa Gavaris
Cc:	Gadi Mayman; John Psinas
Subject:	RE: Response to OPG
Date:	Friday, October 13, 2017 3:49:23 PM

Hi Toby

These reflect that changes we discussed yesterday and can be sent out subject to any comments from Mike and Carlos. However, as per my conversation with Malle and subsequently with Gadi, we are running out of time and need to come to a meeting of the minds with OPG on this issue.

To that extent perhaps we can move towards finalizing this issue sometime next week and in order to do so indicate in the covering email to OPG that we would like them to review the September 27th document from the perspective of what impacts on the integrity of the proposed accounting treatment and get back to us hopefully Monday.

That will provide us with a baseline that can be either accepted or tweaked within reasonable limits allowing the process to move forward. With regard to the "failsafe" it may be useful to mention in the covering email that we are open to making changes.

I would also request that we include if possible in the email that the incorporation documents of the Financing Entity include a clause that prohibits the FE from issuing debt that contravenes the terms of the Guaranty. This along with the attestation or certificate for each debt issue should in my opinion constitute a reasonable safeguard of the Province's interests. Not sure whether this will also impact on the integrity of the accounting but we won't know until we ask.

Thanks

Ken k

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, October 13, 2017 3:12 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; 'stephen.ashbourne@blakes.com' <stephen.ashbourne@blakes.com>; Hresa Gavaris

<Hresa.Gavaris@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: Response to OPG

Please see some proposed changes to the note to be sent to OPG. They are tracked to Stephen's document circulated in advance of yesterday's meeting.

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

The intention would be to send this out to OPG by end of day, so please provide comments asap.

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Hanslep, Malle (MOF)
Sent: October 13, 2017 1:34 PM
To: Veinot, Cindy (TBS); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Gavaris, Hresa (OFA)
Cc: Mayman, Gadi (OFA); John Psinas
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Hi Cindy,

Thanks for your response. We appreciate how busy you are and that you are reviewing the materials. We are planning to respond to OPG today.

We wanted to touch base with you again before we send the response because OPG had the question "Please also advise if the Province's accountants have reviewed the proposal." In their email to the Province so wanted to respond to that along the lines of the following if it's ok with you.

"The Province's accountants are involved in this process and are also reviewing the proposal."

Thanks.

Malle

From: Veinot, Cindy (TBS)
Sent: October 13, 2017 9:31 AM
To: Hanslep, Malle (MOF); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Gavaris, Hresa (OFA)
Cc: Mayman, Gadi (OFA); John Psinas
Subject: RE: Response to OPG

Hi Malle – thanks for the note -- when I left the call, I thought the plan was to proceed providing detailed comments to OPG – I don't think you should hold up that process for my review. I will review the documents, but can't commit to providing comments back today.

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Cc: Mayman, Gadi (OFA); John Psinas
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I understand that you will be reviewing these materials today and we are hoping that you can provide your comments back to the group today so that we can take them into account in the Province's response.

Thank you for your assistance – we know that you are pressed with many priority items.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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-----Original Appointment-----
From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: October 12, 2017 12:16 PM
To: Anna Strathy; Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); 'stephen.ashbourne@blakes.com'; Gavaris, Hresa (OFA)
Cc: Mayman, Gadi (OFA); John Psinas
Subject: Adherence Process for Change of Law Protection Agreement | OFA, OPCD, MOF, Legal Counsel
When: October 12, 2017 3:00 PM-3:45 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Executive Boardroom, 14th Floor, 1 Dundas Street OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to moderate

Please call Hresa at 5-8002 upon arrival

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From:	Whitfield, Tobias P. (MOF)
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Cc:	Gadi Mayman; John Psinas
Subject:	RE: Response to OPG
Date:	Friday, October 13, 2017 3:11:55 PM
Attachments:	12915947-v3-Torys comments on Change of Law Protection Agreement (10617) (MOF Legal).docx

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

The intention would be to send this out to OPG by end of day, so please provide comments asap.

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Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Sent: October 13, 2017 1:34 PM
To: Veinot, Cindy (TBS); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Gavaris, Hresa (OFA)
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Cc: Mayman, Gadi (OFA); John Psinas
Subject: RE: Response to OPG

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I understand that you will be reviewing these materials today and we are hoping that you can provide your comments back to the group today so that we can take them into account in the Province's response.

Thank you for your assistance – we know that you are pressed with many priority items.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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[NOTE TO DRAFT: CONFIRM THAT TORYS IS REFERRING TO THE OFA/MOE PROPOSAL FROM SEPTEMBER 27TH.]

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

[There is minimal oversight and input from the Province so long as the pre-agreed scope and parameters are adhered to.]

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence

[The proposal is that basic information regarding an incurrence will be provided to enable the province to (1) understand the nature and scope of the incurrence, to enable the Province to address ~~accounting, reporting and~~ internal governance considerations and (2) to be satisfied that the proposed incurrences are in-line with the pre-agreed parameters (the "~~Objectives~~Parameters"). The intention is not to curtail incurrences that follow the pre-agreed approach. The timing of the notice to the Province may be a point of discussion.]

-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
[As the entity running the program, OPG will be expected to provide the province with information sufficient to enable the province to ~~achieve~~ make sure any incurrence falls inside the ~~Objectives~~Parameters. The delivery of a certificate in an agreed form, just prior to the time of the incurrence, is meant to create a brightline test for the financing entity's counterparties to know that, so long as the certificate has been delivered (even if it's inaccurate), the Province will be bound. As you suggest below, any inaccuracy will give rise to considerations between the province and OPG. The delivery of the certificate at the time of an incurrence is considered an important due diligence confirmation for the province.
What is the basis for E&Y expressing a reservation regarding the province having access to underlying information about the "approved obligations", which in turn will define the scope of the

province's own obligations if called upon under the change of law protection agreement (CLPA)?]
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
[Any surety in a similar circumstance would want to know the nature and extent of the obligations incurred and to be incurred. That information is intended to allow the province to meet the objectives. Please provide an alternative proposal that meets OPGs requirements and still provides adequate information for the Province.]
-the negative pledge with respect to the exercise of certain options on the debt
[The idea is that if there is optionality in favour of the financing entity, and the exercise would affect the payment profile under the CLPA, such an exercise following a Protection Event should not affect the Province's payment obligations. In effect, the payment schedule will crystalize and cannot be accelerated or extended once the province becomes obligated to pay, following a Protection Event.]
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement
[The Province needs to understand the overall credit picture of the financing entity since it will become a creditor (through subrogation) if it is called on to perform. Exclusions are narrowly defined and should be minimal in practice.]

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have.
[These checks and balances are in-line with the province not writing a "blank cheque" in relation to future incurrences. Prudent sureties would be expected to pursue the objectives - indeed to do less could be evidence of interdependence and non-arm's length terms, which presumably would be unhelpful to E&Y's analysis.] Please also advise if the Province's accountants have reviewed the proposal.
[The Province's accountants are involved in this process and are also reviewing the proposal~~The Province's accounting professionals are involved in this process, including in reviewing these responses~~]

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated.

[The OFHPA will involve very significant and complex financings. The process is intended to provide an appropriate level of third party enquiry given the size and scale of the financing program to the province and in order to ensure the issuances are within the Parameters. ~~meet the objectives~~] From our perspective, as drafted, OPG will likely have to seek Provincial approval
[No approval is contemplated or expected by the Province, except if the incurrence is outside of the pre-agreed boundaries.~~ The onus will be on the Province to review the summary materials provided by OPG and to identify any material departures from the pre-agreed approach to incurrences~~] on each debt issuance (which weakens the accounting as discussed above)
[An explanation of the relevant accounting principles that E&Y has expressed concern about would assist the province to understand E&Y'S concerns. ~~Is there an accounting statement or publication that elaborates on these matters?~~ Also, a detailed list of any particular troublesome requirements would be helpful, with drafting suggestions as appropriate] [The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. [From the dealers' perspective, the three listed requirements (namely, (1) quantum under the program limit

(2) delivery of the OPG certificate (3) absence of contrary notice from the Province) can be easily and objectively verified by the dealers. These process requirements should be reflected in the incurrence procedures as a check/balance at the relevant time, given that the province will not otherwise be directly involved in the incurrence process but will be obligated under the CLPA] Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. [As noted above, the three listed requirements can be easily and objectively confirmed by the dealers prior to a closing. inaccuracies or other failures within the certification process will not negate the Province's obligations] We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met.

[As noted, this due diligence check/balance is how the province will ~~meet the objectives~~ensure the issuances satisfy the Parameters. It is anticipated that the Ministers will see this process as significant to the exercise of their authorities under OFHPA 5(3). Ultimately, the Province will depend on OPG, which is why the delivery of a certificate, without being impugned by an accuracy, is the contemplated adherence condition - rather than making the confirmation of certificate accuracy a condition, which we assume would be unwelcome by the underwriters.] The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.

[The Province wants an actual certificate to be delivered to it (not just the indenture trustee) as part of the closing process. Also, the program limit and failsafe disapproval notice are considered to be important safeguards for the province]

- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.
- [In the case of details not known at the time the OPG certificate is to be delivered (which will be expected to occur close to closing), it should be sufficient to indicate the process by which those details will be finalized. For example, it would be sufficient to say "interest rates to be set on or about [date] based on underwriting syndicate pricing indications".]

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- [The proposal uses the specific defined terms from the OFHPA and regulation, in order to tie back to the statute and appropriately narrow the scope to the obligations that are reasonably known to require protection from the province. Considerable thought has been given to the approach reflected in the province's proposal. The Province wishes to focus on each inclusion that requires the support arrangements, which should then be net of

available/free cash flows, set-offs, etc. Please provide specific comments on any specific items of concerns.]

- We'd like to understand the reason OPG's management fees have been excluded. [This is still an open question under consideration.] We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? [Under consideration] Please advise why taxes are being excluded?

[CRA does not require/is not entitled by law to the benefit of the protection arrangement. Please explain the logic of the request to include taxes]

- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.

[For the Province's support arrangement to apply to an obligation, the quantum of the obligation must be factored into the program maximum test. if the obligation is a contingent obligation, the province's obligations must be capped so that the amount of the cap can be factored into the program limit test]

- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

[In the interest of time, please provide any other detailed comments you may have on the September 27th version of the proposal as soon as possible]

From:	Hanslep, Malle (MOF)
To:	Veinot, Cindy (TBS); Anna Strathy; Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); "stephen.ashbourne@blakes.com"; Hresa Gavaris
Cc:	Gadi Mayman; John Psinas
Subject:	RE: Response to OPG
Date:	Friday, October 13, 2017 1:33:46 PM

Hi Cindy,

Thanks for your response. We appreciate how busy you are and that you are reviewing the materials. We are planning to respond to OPG today.

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Thank you for your assistance – we know that you are pressed with many priority items.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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-----Original Appointment-----
From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: October 12, 2017 12:16 PM
To: Anna Strathy; Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); 'stephen.ashbourne@blakes.com'; Gavaris, Hresa (OFA)
Cc: Mayman, Gadi (OFA); John Psinas
Subject: Adherence Process for Change of Law Protection Agreement | OFA, OPCD, MOF, Legal Counsel
When: October 12, 2017 3:00 PM-3:45 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Executive Boardroom, 14th Floor, 1 Dundas Street OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to moderate

Please call Hresa at 5-8002 upon arrival

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From:	Veinot, Cindy (TBS)
To:	Malle Hanslep (MOF); Anna Strathy; Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); "stephen.ashbourne@blakes.com"; Hresa Gavaris
Cc:	Gadi Mayman; John Psinas
Subject:	RE: Response to OPG
Date:	Friday, October 13, 2017 9:31:37 AM

Hi Malle – thanks for the note -- when I left the call, I thought the plan was to proceed providing detailed comments to OPG – I don't think you should hold up that process for my review. I will review the documents, but can't commit to providing comments back today.

Thanks,

Cindy

From: Hanslep, Malle (MOF)
Sent: October 13, 2017 9:13 AM
To: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Gavaris, Hresa (OFA)
Cc: Mayman, Gadi (OFA); John Psinas
Subject: RE: Response to OPG

Hi Cindy,

I am following up regarding the conference call yesterday. At the end of the meeting, the group decided that it was best to respond to OPG with general comments along the lines of what was in the draft comments reviewed at the meeting and highlighting in particular that we would like to receive specific comments on the draft process sent on September 27, 2017.

I understand that you will be reviewing these materials today and we are hoping that you can provide your comments back to the group today so that we can take them into account in the Province's response.

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Cc: Mayman, Gadi (OFA); John Psinas
Subject: Adherence Process for Change of Law Protection Agreement | OFA, OPCD, MOF, Legal Counsel
When: October 12, 2017 3:00 PM-3:45 PM (UTC-05:00) Eastern Time (US & Canada).
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From:	Hanslep, Malle (MOF)
To:	Anna Strathy; Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Veinot, Cindy (TBS); Tom McKinlay (MAG); Thouin, Alena (ENERGY); "stephen.ashbourne@blakes.com"; Hresa Gavaris
Cc:	Gadi Mayman; John Psinas
Subject:	RE: Response to OPG
Date:	Friday, October 13, 2017 9:13:02 AM

Hi Cindy,

I am following up regarding the conference call yesterday. At the end of the meeting, the group decided that it was best to respond to OPG with general comments along the lines of what was in the draft comments reviewed at the meeting and highlighting in particular that we would like to receive specific comments on the draft process sent on September 27, 2017.

I understand that you will be reviewing these materials today and we are hoping that you can provide your comments back to the group today so that we can take them into account in the Province's response.

Thank you for your assistance – we know that you are pressed with many priority items.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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Sent: October 12, 2017 12:16 PM
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Cc: Mayman, Gadi (OFA); John Psinas
Subject: Adherence Process for Change of Law Protection Agreement | OFA, OPCD, MOF, Legal Counsel
When: October 12, 2017 3:00 PM-3:45 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Executive Boardroom, 14th Floor, 1 Dundas Street OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

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From:	Ken Kandeepan
To:	"ASHBOURNE, STEPHEN"
Cc:	Tobias P. Whitfield (MOF); Malle Hanslep (MOF); Mike Manning; Carlos Yep; Ronald Kwan; Anna Strathy
Subject:	RE: Response to OPG
Date:	Sunday, October 15, 2017 11:27:46 AM

Thanks Stephen for the clarification.

My objective in putting forward this suggestion was to eliminate any possibility of the FE issuing debt that may contravene the Protection Agreement (PA). As it stands, theoretically the FE can issue debt that falls outside the PA though it will not be guaranteed by the Province. The problem conceivably arises with regard to any debt issues that are very close to the line drawn by the PA and the consequent need for due diligence on the part of the Province on an issue by issue basis, all of which can be eliminated or at least alleviated by the incorporation of negative covenants.

Pity that it is not possible.

Thanks

Ken k

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, October 13, 2017 6:55 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Response to OPG

Ken, it is not advisable to incorporate negative covenants in the FE's incorporation documents. That approach would raise *ultra vires* issues, which could cast doubt on the efficacy of particular debt issues. I was anticipating negative covenants in the Change of Law Protection Agreement. Happy to discuss. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents

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L'information paraissant dans ce message électronique est CONFIDENTIELLE. Si ce message vous est parvenu par erreur, veuillez immédiatement m'en aviser par téléphone ou par courriel et en détruire toute copie. Merci.

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Friday, October 13, 2017 3:49 PM
To: Tobias P. Whitfield (MOF); Malle Hanslep (MOF); Veinot, Cindy (TBS); Anna Strathy; Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); ASHBOURNE, STEPHEN; Hresa Gavaris
Cc: Gadi Mayman; John Psinas
Subject: RE: Response to OPG

Hi Toby

These reflect that changes we discussed yesterday and can be sent out subject to any comments from Mike and Carlos. However, as per my conversation with Malle and subsequently with Gadi, we are running out of time and need to come to a meeting of the minds with OPG on this issue.

To that extent perhaps we can move towards finalizing this issue sometime next week and in order to do so indicate in the covering email to OPG that we would like them to review the September 27th document from the perspective of what impacts on the integrity of the proposed accounting treatment and get back to us hopefully Monday.

That will provide us with a baseline that can be either accepted or tweaked within reasonable limits allowing the process to move forward. With regard to the "failsafe" it may be useful to mention in the covering email that we are open to making changes.

I would also request that we include if possible in the email that the incorporation documents of the Financing Entity include a clause that prohibits the FE from issuing debt that contravenes the terms of the Guaranty. This along with the attestation or certificate for each debt issue should in my opinion constitute a reasonable safeguard of the Province's interests. Not sure whether this will also impact on the integrity of the accounting but we won't know until we ask.

Thanks

Ken k

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, October 13, 2017 3:12 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Mark Donaldson

(MOF) <Mark.Donaldson@ontario.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; 'stephen.ashbourne@blakes.com' <stephen.ashbourne@blakes.com>; Hresa Gavaris <Hresa.Gavaris@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: Response to OPG

Please see some proposed changes to the note to be sent to OPG. They are tracked to Stephen's document circulated in advance of yesterday's meeting.

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

The intention would be to send this out to OPG by end of day, so please provide comments asap.

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Hanslep, Malle (MOF)
Sent: October 13, 2017 1:34 PM
To: Veinot, Cindy (TBS); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Gavaris, Hresa (OFA)
Cc: Mayman, Gadi (OFA); John Psinas
Subject: RE: Response to OPG

Hi Cindy,

Thanks for your response. We appreciate how busy you are and that you are reviewing the materials. We are planning to respond to OPG today.

We wanted to touch base with you again before we send the response because OPG had the question "Please also advise if the Province's accountants have reviewed the proposal." In their email to the Province so wanted to respond to that along the lines of the following if it's ok with you.

"The Province's accountants are involved in this process and are also reviewing the proposal."

Thanks.

Malle

From: Veinot, Cindy (TBS)
Sent: October 13, 2017 9:31 AM
To: Hanslep, Malle (MOF); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Gavaris, Hresa (OFA)
Cc: Mayman, Gadi (OFA); John Psinas
Subject: RE: Response to OPG

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Cindy

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To: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Gavaris, Hresa (OFA)
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Thank you for your assistance – we know that you are pressed with many priority items.

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Cc: Mayman, Gadi (OFA); John Psinas
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Where: Executive Boardroom, 14th Floor, 1 Dundas Street OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

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From:	Whitfield, Tobias P. (MOF)
To:	Anna Strathy; Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); "stephen.ashbourne@blakes.com"; Hresa Gavaris; John Psinas
Cc:	Steen Hume (CAB); Daniel Cayley (ENERGY)
Subject:	RE: Review Draft Guarantee & Procedures Document | OFA, OPCD, MOF, Legal Counsel
Date:	Thursday, November 02, 2017 9:43:54 AM
Attachments:	23239361-v6-CLPA - Process Agreement.docx 23239360-v8-CLPA - Protection Agreement.docx

Please find attached preliminary drafts of the Protection Agreement and the Process Agreement for discussion at our meeting this afternoon.

Note that these drafts contain a number of issues that are still under consideration and up for discussion.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Appointment-----
From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 2, 2017 8:31 AM
To: Anna Strathy; Whitfield, Tobias P. (MOF); Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Veinot, Cindy (TBS); Manning, Mike (OFA); Kwan, Ronald (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Gavaris, Hresa (OFA); John Psinas
Cc: Hume, Steen (ENERGY); Cayley, Daniel (ENERGY)
Subject: Review Draft Guarantee & Procedures Document | OFA, OPCD, MOF, Legal Counsel
When: November 2, 2017 12:00 PM-3:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Executive Boardroom, 14th Floor, 1 Dundas OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Nov 2: Rescheduled from 10:00am to 12:00pm
MOF Legal is expecting a second draft between 9 and 10am today. The later meeting time will allow time to review prior to discussing.
Lunch will be provided

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

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Internal Draft: November 2, 2017

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**"), is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.

Pursuant to a Declaration of Trust dated as of ■, 2017, the FSM [established] the Financing Entity as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended.

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation, maintaining information related to the Program Agreement and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG, and of the Province in accordance with the Act and the OIC, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity or the Financing Entity Trustee

For greater certainty, each reference to the Financing Entity or to the Financing Entity Trustee shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.01 Change of Law Process Agreement Referred to in the Change of Law Protection Agreement

This Agreement is the "Change of Law Process Agreement" referred to in the Change of Law Protection Agreement.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than ■ Business Days prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of

the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than ■ Business Days prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province an analysis and assessment of the tax position of the Financing Entity. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of such analysis and assessment.

(c) Not less than ■ Business Days prior to any proposed change, addition or supplement to a Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change, addition or supplement to the Transaction Document.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document).

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

(f) OPG shall, as the FSM, cause the Financing Entity to deliver to the Province copies of the Financing Entity's annual tax returns and any related tax assessment not more than ■ Business Days after such a tax return or tax assessment is required to be filed under applicable law.[1]

2.02 Covenants

(a) OPG shall, as the FSM, cause the Financing Entity to:

(i) punctually perform and observe all of its obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

[1] Note: The tax documents to be provided to the Province are under consideration.

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not, without the prior written consent of the Province:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;

(B) consent to the resignation of (1) the Administrative Agent under the Administrative Services Agreement; or (2) the Manager under the Management Agreement;

(C) consolidate or merge with or into any other Person;

(D) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired;

(E) permit any Lien (other than the Security Interest) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(F) sell, transfer, exchange or otherwise dispose of any of the Collateral, other than as expressly permitted by the Trust Indenture;

(G) release any security or guarantee in respect of the Collateral other than as expressly permitted by the Trust Indenture; or

(H) voluntarily dissolve or liquidate.

(b) OPG shall:

(i) comply, and as the FSM cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation;

(iii) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension

right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under this Agreement would be accelerated, delayed or otherwise affected; and

(iv) ensure that any disclosure (including any Disclosure Document) that refers to or describes the terms, effect or adherence of or to this Agreement will be subject to the prior review of the Province and such disclosure will not be made (and any such Disclosure Document shall not be used) without the prior written consent of the Province.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, not less than ■ Business Days prior to the incurrence or any amendment of a Primary Obligation, setting out the following with respect to the Primary Obligation:

(a) the material terms of the Funding Obligations pertaining to principal amount, pricing and third party fees;[2]

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment and the anticipated effect of the amendment on or in relation to the affected terms and conditions of the Primary Obligation, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement that: (i) the Primary Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

[2] Note: Level of detail required by the Province is under consideration. Province to consider whether it would like further details regarding Principal Obligations, Redemption Obligations, Interest Obligations, Hedging Obligations, Third Party Expense Obligations or Other Funding Obligations. In desirable, particulars regarding Hedging Obligations and the market in which notes are issued to be considered.

(d) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(e) if the Primary Obligation is a [borrowing], confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not and will not exceed the Protection Agreement Maximum.

3.02 Acknowledgment

The parties acknowledge that the Process Certificate is the certificate referred to in Subsection 4.02(d)(ii) of the Change of Law Protection Agreement.

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) has been provided to the Province in accordance with Subsection 2.01(c); and

(b) has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to Section 5.01 of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation;

(b) with respect to the Reviewed Documentation referred to in clauses (v) to (ix) of the definition of "Transaction Documents", and, where applicable, clauses (x) and (xi) of the definition of "Transaction Documents" as the context requires, that the variable terms to be set forth in the proposed documents are as reasonably contemplated in the Reviewed Documentation, as to the type, scope and extent of

the Primary Obligations arising thereunder and as to the timing, conditions and circumstances in which payment obligations under such Primary Obligations may arise, but without regard to the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(c) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed disclosure document complies in all material respects with all securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) The initial Protection Agreement Maximum shall be determined by the Province prior to the initial issuance of the first Funding Obligation. The initial Protection Agreement Maximum will be confirmed by the Province by notice in writing to OPG, as the FSM.

(b) Not less than ■ Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the applicable Financing Plan (the "**Initial Forecast**"). In determining the initial Protection Agreement Maximum, the Province may have regard to (but not be bound by) the Initial Forecast.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**").

(d) Upon receiving an updated Forecast, the Province shall determine whether or not the Protection Agreement Maximum will be revised. In determining whether the Protection Agreement Maximum will be revised, the Province may have regard to (but not be bound by) such updated Forecast. Any determination by the Province to revise the Protection Agreement Maximum will be confirmed by setting out a new Protection Agreement Maximum in a written notice from the Province to the FSM and the Indenture Trustee, the delivery of which will be conclusive evidence that such new Protection Agreement Maximum will apply until it may be further so revised.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, shall cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto and to own its property and carry on its business as currently conducted.

(c) OPG has been validly appointed, and has irremovably accepted such appointment, as the FSM in accordance with the Act. OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation of OPG enforceable against OPG in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG (including in its capacity as the FSM) or the

Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or the Financing Entity or in the ability of OPG or the Financing Entity to perform their respective obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or the Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

ARTICLE VI
ELECTION TO ASSUME APPROVED OBLIGATIONS

6.01 Election by the Province

At any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) to elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor. To make such election, the Province shall duly

complete and deliver to OPG a notice in the form of Exhibit A (an "**Election Notice**"), which in turn will set forth the form of agreement (an "**Assumption Agreement**") setting forth the material terms and conditions under which the Province would assume and become obligated under each of the Obligations Secured. The Election Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province;

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement; and

(f) a draft version of the Assumption Agreement prepared in relation to each Obligation Secured, prepared in accordance with and having regard to the requirements of the relevant agreement(s) under which the Obligation Secured arises.

6.03 Settlement of Terms

Within ■ Business Days following receipt by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether

or not it will proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province intends that assignment and assumption will be effected, which may not be earlier than the Proposed Assumption Date. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement, which will specify such date as the "Assumption Closing Date" for the purposes thereof.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will cause the Financing Entity to cooperate to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.[3]

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG will, and as FSM, will cause the Financing Entity to, ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity, permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts.[4]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement (including in respect of its role as FSM under any Program Agreement;

(b) any representation or warrant made by OPG in this Agreement, or any certification made in a Process Certificate, proves to be incorrect on the date made; or

[3] Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.

[4] Note: The Trust Indenture will need to include a clause providing that the obligations of the Financing Entity to the Indenture Trustee and the Noteholders may be assigned to the Province in accordance with an assumption agreement, substantially in the form set out in an exhibit to the Trust Indenture.

(c) OPG is no longer the FSM, the Administrative Agent or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM, the Administrative Agent or the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right, upon written notice to OPG at its option, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide notice to the Indenture Trustee that a Breach Event has occurred and, in accordance with the Change of Law Protection Agreement, that the Limited Guarantee does not and will not apply to any Primary Obligations that may thereafter be incurred or amended by or on behalf of the Financing Entity.[5]

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]

[5] NTD: Carve-out for re-financings of Approved Obligations already in existence is under consideration.

Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Confidentiality

[Note: To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province.]

8.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

[FINANCING ENTITY TRUSTEE], IN ITS CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]

By: _____
Name:
Title:

[INDENTURE TRUSTEE], AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

["**Administrative Agent**" means OPG, in its capacity as administrative agent of the Financing Entity under the Administrative Services Agreement.]

["**Administrative Services Agreement**" means the administrative services agreement dated [■], 2017 between the Financing Entity and the Administrative Agent concerning the reimbursement of certain costs incurred by the Administrative Agent in connection with the administration of the Financing Entity.][6]

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means (a) any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the Financing Entity, the FSM and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

[6] Note: To be confirmed if required.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Notice**" has the meaning ascribed thereto in Section 6.01.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation [as of the date of this Agreement].

"**Financing Entity**" means [■], a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(b).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(b).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Lien**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

["**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Financing Entity.]

["**Manager**" means OPG, in its capacity as manager of the Financing Entity under the Management Agreement.][7]

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

[7]Note: To be confirmed if required. Also note that the draft Trust Indenture refers to OPG as the "manager" (rather than "Financial Services Manager" as under the Act). To be reconciled.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount determined by the Province and of which OPG is provided written notice in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Supplemental Reserve Account**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement, the Administrative Services Agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement between the Financing Entity and the IESO; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected,

including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF ELECTION NOTICE

(form of Assumption Agreement to be attached, once settled)

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

[FINANCING ENTITY TRUSTEE] IN ITS CAPACITY AS TRUSTEE OF THE [FINANCING ENTITY]

AND

ONTARIO POWER GENERATION INC., AS FINANCIAL SERVICES MANAGER

AND

[NAME OF INDENTURE TRUSTEE], AS INDENTURE TRUSTEE

CHANGE OF LAW PROTECTION AGREEMENT

Dated as of [■], 2017

This **AGREEMENT**, among Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), **[FINANCING ENTITY TRUSTEE]**, as the Financing Entity Trustee and in its capacity as trustee of the **[FINANCING ENTITY]**, a trust settled by the FSM under the laws of the Province of Ontario (the "**Financing Entity**"), Ontario Power Generation Inc. in its capacity as the Financial Services Manager in accordance with the Act (the "**FSM**") and **[INDENTURE TRUSTEE]**, a trust company existing under the laws of Canada, as Indenture Trustee and in its capacity as trustee for the in accordance with the Trust Indenture, is made and entered into as of [■], 2017.

RECITALS

Pursuant to Subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**"), the Lieutenant Governor in Council may by order, authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province, to agree to guarantee or indemnify certain debts, obligations, securities or undertakings associated with an Investment Interest.

Pursuant to an Order in Council dated as of ■ (the "**OIC**"), the Lieutenant Governor in Council has, among other things, authorized the Minister of Energy and the Minister of Finance, acting together on behalf of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations secured or undertakings of one or more financing entities established or caused to be established pursuant to Subsection 22(2) of the Act by the FSM and that may incur Funding Obligations in connection with one or more Investment Interests.

Pursuant to a Declaration of Trust dated as of ■, 2017, the FSM [established] the Financing Entity as a "financing entity"[1] (as defined in the Act) for the purposes contemplated in the Act.

The trustee of the Financing Entity in its capacity as Financing Entity Trustee and the Indenture Trustee are parties to the Trust Indenture and propose to create and issue series of notes, bonds and other securities as contemplated therein, and to provide security over the assets and undertaking of the Financing Entity in respect of such notes, bonds and securities, as well as other Obligations Secured.

The Minister of Energy and the Minister of Finance, acting together on behalf of the Province, have determined to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions at the time the Approved Obligation is incurred or amended. This Agreement sets out the terms and conditions of such protections and assurances.

OPG and the Province will concurrently enter into the Process Agreement, under which OPG will agree to perform certain related activities and to provide certain assurances on which the Province will rely, including for the purposes of determining whether the Adherence

[1] Note to Draft: Consideration is being given by MOE to possible changes to the Regulation to accommodate the proposed use of a "trust", as a "financing entity".

Conditions have been satisfied in connection with the incurrence or amendment of an Approved Obligation and ensuring that the Province's assumption right may be exercised without impediment on the terms and conditions contemplated in this Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of the Province, the Financing Entity Trustee, the FSM and the Indenture Trustee, in accordance with the Act, the OIC and the Trust Indenture, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(c) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(d) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(e) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(f) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(g) all references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(h) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(i) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Trustee to act in accordance with the Trust Indenture

Any action taken, required to be taken or permitted to be taken by the Indenture Trustee under this Agreement shall only be taken in the manner, at the times, for the purposes, subject to the prerequisites, conditions, requirements and limitations, and with the benefits, exculpations, indemnities and protections that are provided to the Indenture Trustee, in each case in respect of such action taken, required to be taken or permitted to be taken by it under the Trust Indenture.

1.03 Proof of Approved Obligations

The efficacy of any agreement, instrument or writing evidencing a Primary Obligation may, in the absence of manifest error, be conclusively proved in any manner that the Indenture Trustee deems to be sufficient.

Any statement of account prepared by the Indenture Trustee as regards the Primary Obligations shall constitute *prima facie* evidence of the amount which, as at the date of the statement so prepared, is due and payable by the Financing Entity to the Beneficiaries and/or the Indenture Trustee and the Province hereby acknowledges and agrees that, absent manifest error, it shall be bound by each such statement. The Indenture Trustee agrees to provide the Province with the computations and calculations used by the Indenture Trustee to prepare each such statement of account promptly following a request therefor.

1.04 Limitation on Rights of and Actions by Specified Creditors

Specified Creditors, as Beneficiaries, shall not have or be permitted to exercise any rights, interests, or elections under this Agreement, other than in the manner and to the extent effected and exercised through the Indenture Trustee under, in accordance with and subject to the limitations set forth in the Trust Indenture. No Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Agreement.

1.05 Province Retains Rights of Beneficiaries

Without limiting any rights of subrogation or succession that arise pursuant to applicable law or pursuant to the Province's rights as an assignee, subrogee or pursuant to Section 5.01, all of the rights, interests, elections and privileges that would arise in favour of a Beneficiary under the Trust Indenture or other agreement under which a related Primary Obligation arises shall automatically arise, vest in and be available to the Province upon performance by the Province of the Primary Obligation.

1.06 Effect of Headings

The Article and Section headings herein are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee or the FSM in this Agreement shall bind their respective successors, co-trustees and agents.

1.08 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.09 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.10 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.11 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.12 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.13 Change of Law Protection Agreement Referred to in the Trust Indenture

This Agreement is the "Change of Law Protection Agreement" referred to in the Trust Indenture.

1.14 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.15 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

1.16 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such

yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (a) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement, and (b) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

1.17 Currency

Unless stated otherwise, all amounts herein are stated in Canadian Dollars.

1.18 References to Acts of the Financing Entity Trustee

For greater certainty, where any reference is made in this Agreement, or in any other instrument executed pursuant hereto or contemplated hereby to which the Financing Entity or the Financing Entity Trustee, as trustee of the Financing Entity, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to (i) the Financing Entity or (ii) the Financing Entity Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Financing Entity) by or with respect to, the Financing Entity Trustee as trustee of the Financing Entity.

1.19 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in the agreement under which an Approved Obligation arises), it is necessary to convert any amount due under this Agreement from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Province in respect of any Original Currency due from it to the Indenture Trustee under this Agreement shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Agreement in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Financing Entity shall indemnify the Indenture Trustee against such loss.

(b) The term "rate of exchange" in this Section 1.18 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
AGREEMENT TO PERFORM APPROVED OBLIGATIONS

2.01 Limited Guarantee

(a) Upon the occurrence of a Protection Event, the Indenture Trustee may provide a written demand, in the form attached as Exhibit A (a "**Payment Demand**") to the Province requiring the Province to pay the Approved Obligations owing from time to time by the Financing Entity to the Indenture Trustee as and when they become due and payable, without Acceleration. A Payment Demand will not be valid with respect to an Approved Obligation until the amount claimed becomes due and payable in respect of the Approved Obligation (without Acceleration) in accordance with the Trust Indenture and has not otherwise been paid by the Financing Entity.

(b) Following receipt of a valid Payment Demand under Subsection 2.01(a), the Province shall pay the amounts owing by the Financing Entity to the Indenture Trustee, on behalf of the applicable Beneficiaries, in respect of each Approved Obligation[2], in each case as and when the Approved Obligation becomes due and payable in accordance with its terms and on its scheduled, specified or determined payment date, as determined without regard to any Acceleration or rights of Acceleration arising under the Approved Obligation, in each case by the Province depositing or causing the deposit of the applicable payment amount into the Collection Account (the "**Limited Guarantee**"). For greater certainty, the Limited Guarantee will not apply to any amount or obligation of the Financing Entity that is not or does not arise under an Approved Obligation, including (i) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event, and [(ii) amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account or a Supplemental Reserve Account.][3]

[2] Note: Under Subsection 5(3) of the Act, the Province can guarantee only obligations "associated with an investment interest". The guarantee in Section 2.01 of the draft agreement guarantees "Approved Obligations" which in turn relies on the definition of Primary Obligations. The connection between a Primary Obligation and an "investment interest" is therefore crucial. Unfortunately, the nexus is not straightforward. Blakes is considering how to more precisely connect these concepts.

[3] Note: OFA to confirm whether the Limited Guarantee will extend to require the Province to fill sinking fund and collateral accounts during the period when the Province is required to make payments. If not, then we will need to consider the impact on ratepayers and the potential impact on the CEA calculations, which will have been based originally on these deposits being made during particular reference periods.

(c) Except as expressly provided in this Agreement, the Province's obligation to provide and perform the Limited Guarantee shall be irrevocable, absolute and unconditional.

(d) Any amount payable by the Province under the Limited Guarantee in respect of an Approved Obligation that is not paid when required herein shall bear interest from the applicable due date until paid in full at the rate or rates expressed to be payable on the Approved Obligation.

(e) The right to deliver a Payment Demand and thereupon enforce the Limited Guarantee shall constitute the only remedy available to the Indenture Trustee under this Agreement. Under no circumstances shall the Province be obligated to pay or indemnify the Indenture Trustee or any Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

2.02 Gross-up

[All amounts payable by the Province under this Agreement shall be made free and clear of and without deduction for or on account of any present or future taxes, charges, fees, levies, duties or withholdings of any kind. If the Province is obliged to deduct or withhold an amount in respect of any such taxes, charges, fees, levies, duties or withholdings, then in such event the Province shall deposit into the Collection Account such additional amount as is necessary to ensure that the Indenture Trustee receives (on an after-tax basis, after payment of any and all income taxes on such additional amounts) an amount equal to the full amount otherwise due and payable in respect of the related Approved Obligation, net of any such taxes, charges, fees, levies, duties or withholdings.][4]

2.03 Absence of Set-off

The Province acknowledges and agrees that each payment to be made by the Province hereunder in respect of an Approved Obligation shall be made as required in whole, without application of any right of set-off and without regard to any equities as between or among any of the Province, the Beneficiaries and/or the Indenture Trustee.

2.04 Payment into Collection Account in Satisfaction

Notwithstanding the priority of payment requirements set forth in the Trust Indenture and any legal rule concerning the imputation of payments, the Indenture Trustee shall apply the full amount paid by the Province into the Collection Account in respect of an Approved Obligation to pay the corresponding amount due and payable to the applicable Beneficiaries under the Approved Obligation.[5] Upon a payment having been made by or on behalf of the Province into

[4] Province to advise on extension of a tax gross up. We assume this is necessary, although we have not discussed it specifically and it may be that we delete this provision on the basis that the determination of a tax gross up (and the Province's liability for it) will be based on the inclusion of that concept in the Trust Indenture itself.

[5] Note: This will need to operate in tandem with the Trust Indenture waterfall. The idea is that the Approved Obligations may not necessarily follow the sequence of the "payment waterfall" included in the Trust Indenture, and so amounts from the Province would need to operate independently. To be discussed with Torys.

the Collection Account in respect of an Approved Obligation, the amount so paid shall for all purposes be considered to have been applied to pay the applicable Beneficiaries and thereby reduce the amount due and payable under the Approved Obligation, whereupon an affected Beneficiary shall have no continuing rights, interests or entitlements (including rights as a secured party) in respect of the Approved Obligation to the extent so paid[6].

2.05 Certain Waivers

The Province hereby waives:

(a) any requirement, and any right to require, that any power be exercised or any action be taken against the Financing Entity or any Collateral for any of the Approved Obligations;

(b) all notices which may be required by applicable law to preserve any rights against the Province hereunder, including any notice of default, demand, dishonour, presentment and protest;

(c) diligence; and

(d) any defence based upon, arising out of or in any way related to any claim that any election of remedies by the Beneficiaries impaired, reduced, released or extinguished any rights that the Province might otherwise have had against the Financing Entity or any other surety.

The Province agrees that each such waiver is made with full knowledge of its significance and consequences and if any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the maximum extent permitted by applicable law.

2.06 Additional Security

This Agreement shall be in addition to and without prejudice to any other security by whomsoever given, held at any time by the Indenture Trustee or for the benefit of any of the Beneficiaries.

2.07 Continuing Liability of the Province

The Approved Obligations shall be deemed not to have been paid, observed or performed, and the liability of the Province hereunder in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by the Financing Entity, or out of the proceeds of any Collateral, is recovered from or reimbursed by or for the account of any of the Beneficiaries for any reason, including a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the

[6] Note: Consider if Beneficiary rights under Obligations Secured can in fact be affected in this way under an agreement to which a Beneficiary is not directly a party. To achieve a binding relationship, a corresponding provision should appear in the Trust Indenture, to the effect that the Beneficiaries will be deemed to be bound by the Indenture Trustee insofar as the Beneficiaries rights against the financing entity are to be affected.

Approved Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or Governmental Authority, by any plan of reorganization or by settlement or compromise by any of the Beneficiaries (whether or not consented to by the Financing Entity or the Province) of any claim for any such recovery or payment over.

2.08 Continuance of the Limited Guarantee

Subject to Section 2.07, the Limited Guarantee shall continue in full force and effect until the indefeasible payment, observance and performance in full of the Approved Obligations.

2.09 Modifications of Approved Obligations

The Province expressly authorizes the Indenture Trustee, at any time and from time to time, without notice and without affecting the liability of the Province hereunder, but subject to compliance with the requirements of the Program Agreements and this Agreement, to:

(a) accept new, additional or replacement instruments, documents, agreements or security in connection with all or any part of the Approved Obligations;

(b) accept partial payments on the Approved Obligations; and

(c) waive, release, reconvey, terminate, abandon, subordinate, exchange, substitute, transfer, compound, compromise, liquidate and enforce all or any part of the Approved Obligations and any security or guarantee therefor, and apply any such security and direct the order or manner of sale thereof as the Indenture Trustee (for the benefit of the Beneficiaries) in its discretion may determine,

provided, however, that the Indenture Trustee shall not permit any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor expect with the prior written consent of the Province having first been obtained.

ARTICLE III
THE INDENTURE TRUSTEE

3.01 The Indenture Trustee

This Agreement is made in favour of the Indenture Trustee in its capacity as trustee under the Trust Indenture. Accordingly, in the event of a new trustee being appointed under the Trust Indenture, such new trustee shall thereupon become and be the Indenture Trustee hereunder, but nevertheless, the Indenture Trustee shall forthwith assign, transfer and make over to the new trustee hereunder this Agreement. All provisions of the Trust Indenture for the protection of the Indenture Trustee or for facilitating the administration of the trusts or otherwise relating to the Indenture Trustee solely as to its holding of the rights thereunder shall apply *mutatis mutandis* to this Agreement and the Indenture Trustee's duties hereunder.

3.02 Acceptance of Trusts

The Indenture Trustee hereby accepts the trusts hereof and agrees to carry out and discharge the same unless and until a new trustee shall be appointed as contemplated in Section 3.01.

ARTICLE IV
APPROVED OBLIGATIONS

4.01 Approval Process

A Primary Obligation shall constitute an Approved Obligation if (a) the Adherence Conditions applicable thereto have been satisfied; or (b) the Province has specifically approved in writing the particular terms, conditions and documentation for the Primary Obligation.

4.02 Adherence Conditions

The following shall be the Adherence Conditions applicable in relation to a Primary Obligation:

(a) the Primary Obligation is contemplated under the Trust Indenture as an Obligation Secured;

(b) if the Primary Obligation is a [borrowing][7], at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments[8] under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations,[9] do not exceed the Protection Agreement Maximum;

(c) the FSM delivers a notice to the Indenture Trustee, with a copy to the Province, not less than ■ Business Days and not more than ■ Business Days prior to the incurrence or any amendment of the Primary Obligation, setting out the Protection Agreement Maximum;

(d) the FSM delivers a certificate signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are executive officers of OPG) and addressed to the Province and the Indenture Trustee, not less than ■ Business Days and not more than ■ Business Days prior

[7] Under consideration. Need to ensure that non-conventional instruments (capital rather than debt) are caught in the maximum test.

[8] Note: The concept of "repayments" under the OFHPA take account of contemplated refinancings. There is some risk that an anticipated refinancing would not manifest as contemplated, in which case the amount financed (and subject to the Limited Guarantee) could exceed the Protection Agreement Maximum and result in a balloon payment obligation.

[9] Note: If certain financing entity obligations are guaranteed under a one-off agreement, the interaction between the one-off guaranteed amount and Approved Obligations that are looked at to determine if incurrence of a new Primary Obligation is within the Protection Agreement Maximum will need to be considered.

to the incurrence or any amendment of the Primary Obligation, setting out the following with respect to the Primary Obligation:

i. if the Primary Obligation is a [borrowing], confirmation that, at the time the Primary Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Primary Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under Approved Obligations, do not and will not exceed the Protection Agreement Maximum; and

ii. confirmation that the FSM has delivered to the Province a certificate in accordance with the Process Agreement confirming, among other things, that the transaction documents in respect of the Primary Obligation are in substantially the form of the documentation reviewed by the Province; and

(e) the Province has not provided notice to the Indenture Trustee that a Breach Event has occurred and that the Limited Guarantee does not apply to any further Primary Obligations that are incurred.[10]

4.03 Evidence of Satisfaction

A closing certificate signed by at least two executive officers of OPG in connection with an incurrence or amendment of a Primary Obligation shall be determinative as to whether the applicable Adherence Conditions with respect thereto have been satisfied, notwithstanding that such certificate may include inaccuracies, be incomplete or otherwise be defect or deficient, and such closing certificate may be relied upon by any addressee as conclusive evidence of same.

ARTICLE V
RIGHTS OF THE PROVINCE

5.01 Assignment and Subrogation

Upon paying an amount in respect of an Approved Obligation

(a) to or at the direction of the Indenture Trustee in satisfaction of the Limited Guarantee; or

(b) as a result of assuming the Financing Entity's obligations in respect of all Obligations Secured under Article VI,

the Province (in addition to and without prejudice to any rights it otherwise has in law or equity) shall be subrogated and entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Approved Obligation to the extent of such payment, including (a) the right and entitlement to be paid and receive distributions of such amount by the Financing Entity in accordance with and in the priority applicable to the Approved

[10] NTD: Carve-out for re-financings of Approved Obligations already in existence is under consideration.

Obligation applicable in respect of the payment under the Trust Indenture, (b) the benefits of the related Collateral and (c) all proceeds therefrom. The Province shall have and be entitled to enforce all rights and interests (including as a secured party under the Trust Indenture) under such Approved Obligation as an absolute assignee of the applicable Beneficiary, with effect from and after the time of such payment, without any further requirement for notice to or acceptance by the Financing Entity of such absolute assignment and without any reduction, set-off or counterclaim on account of any amounts that may, at or after the time of payment, be or become owing by the Beneficiary to the Financing Entity and unaffected by any other rights or equities that arise thereafter as between the Beneficiary and the Financing Entity. The Indenture Trustee shall recognize the Province as being entitled to all of the rights, interests and entitlements of the Beneficiary (including, if applicable, as a Noteholder) in respect and to the extent of the Approved Obligation so paid, determined as of the time of payment, for all purposes under the Trust Indenture, and the Province shall be treated as a Specified Creditor in respect thereof for all purposes under the Trust Indenture and any other agreement under which the Approved Obligation arises.

5.02 Priorities

For greater certainty, the rights, interests and entitlements of the Province as an assignee and subrogee of and with respect to an Approved Obligation shall rank equally with the rights, interests and entitlements of a Beneficiary for whom a Limited Guarantee payment is made in respect of, and to the extent of the payment made to satisfy, the Approved Obligation and the Province shall not be subject to postponement or subordination with respect thereto except to the extent of the priorities established in relation to the Approved Obligation under the Trust Indenture.

5.03 Voting Rights under "Outstanding Notes"

Notwithstanding the last three sentences of the definition of "Outstanding" in the Trust Indenture[11]:

(a) Notes in connection with Approved Obligations in respect of which the Province has rights and interest pursuant to Section 5.01 shall be regarded as "Outstanding" within the meaning of the Trust Indenture; and

(b) in determining whether Noteholders of the requisite principal amount of Notes that are Outstanding (as defined in the Trust Indenture) have taken any Action under the Trust Indenture, and for the purposes of Article X of the Trust Indenture, the Province shall be deemed to have the amount of Outstanding (as defined in the Trust Indenture) Notes in proportion to its interest in such Notes based on the amounts that the Province has paid in respect of Approved Obligations under this Agreement.

[11] Note: This concept should be reflected in the Trust Indenture to be effective. Additional scenarios where the Province's rights as an affiliate of OPG may differ from what is expected are to be identified in the underlying Program Agreements.

5.04 Province May Perform Other Program Agreement Covenants.

If the Financing Entity fails to perform any covenant under any Program Agreement, the Province may (but, except as expressly provided for under this Agreement, shall not be obligated to) perform such covenant on behalf of the Financing Entity. If the Province performs such a covenant on behalf of the Financing Entity, all sums expended or advanced by the Province in so performing the covenant will bear interest at the rate of interest determined by the Province to reflect market terms and conditions for a borrowing made by the Province at the relevant time from the date of expenditure until repayment by the Financing Entity [and will (together with such interest) be paid by the Financing Entity upon demand and will until paid form part of the Obligations Secured and constitute a Finance Amount.[12]

ARTICLE VIL
NOTICE OF ASSUMPTION OF OBLIGATIONS SECURED

6.01 Delivery of Assumption Notice

The Province may provide notice (in the form of Exhibit B) to the Indenture Trustee that, in accordance with the terms of the Process Agreement, the Province has elected to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor (the "**Assumption Notice**"). The Assumption Notice shall specify the date on which the assignment and assumption of the Obligations Secured will be effective (the "**Assumption Closing Date**").

6.02 Cooperation to Implement the Assignment and Assumption

The Indenture Trustee, the FSM, the Financing Entity and the Province will cooperate and use [commercially reasonable efforts] to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the Assumption Closing Date.[13]

6.03 Effect of Assumption

On the date that the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province becomes effective (the "**Assumption Effective Date**"), the Province shall no longer be required to provide and perform the Limited Guarantee.

6.04 Interim Period

Until the effective time of the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province on the Assumption Effective Date, the Province shall continue to perform and be obligated under the Limited Guarantee.

[12] Note: General Regulation must be revised such that "Finance Amount" picks up guarantor amounts. Under consideration by MOE.

[13] Note: Further details regarding obtaining of third party consents and rating agency approvals to be considered.

ARTICLE VII
INDENTURE TRUSTEE MATTERS

7.01 Limited Recourse

No recourse may be taken, directly or indirectly, with respect to the obligations of the Financing Entity under this Agreement, or any certificate or other writing delivered in connection herewith or therewith, against (a) the Financing Entity Trustee in its individual capacity, (b) any owner of a beneficial interest in the Financing Entity or (c) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Financing Entity Trustee in its individual capacity, any holder of a beneficial interest in the Financing Entity or the Financing Entity Trustee or of any successor or assign of the Financing Entity Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Financing Entity Trustee has no such obligations in its individual capacity).

7.02 Not Responsible for Recitals or Issuance of Notes

The recitals contained herein will be taken as the statements of the Province and the FSM, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Agreement.

7.03 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement and other documents to which it is a party;

(c) each of this Agreement and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada.

7.04 Release of all Collateral

(a) The Indenture Trustee shall not execute instruments to release Collateral from the Security Interest of the Trust Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, unless and until the rights and interests of the Province under Section 5.01 or otherwise as an assignee of any of the Obligations Secured or as a

subrogee have been satisfied in full and the Province has no continuing obligations under this Agreement.

(b) The Province shall be entitled to receive at least 10 Business Days' written notice when the Indenture Trustee proposes to take any action pursuant to Subsection 7.04(a), accompanied by copies of any instruments involved.

7.05 Right to Notice and Attend Meetings

The Financing Entity shall ensure that the Province receives advance notice of any meeting or proposed written resolution of Specified Creditors (or any of them) and the Province and its legal advisers shall be permitted to attend and be represented at any meeting of such Specified Creditors.

ARTICLE VIII
SUSPENSION OF ADHERENCE FOR NEW PRIMARY OBLIGATIONS

8.01 Suspension Notice

A written notice in the form of Exhibit C (a "**Suspension Notice**"):

(a) shall be provided by the FSM to the Province and the Indenture Trustee promptly following the occurrence of a Program Breach; and

(b) may be provided by the Province to the Indenture Trustee, the FSM and the Financing Entity following the occurrence of a Breach Event.

8.02 Suspension

If a Suspension Notice has been provided under Section 8.01 (the provision of such notice being a "**Suspension Event**"), the Financing Entity shall not incur any new or additional Obligation Secured and shall not amend or terminate any existing Obligation Secured except with the prior written consent of the Province.

8.03 Termination Notice

On the occurrence of a Suspension Event, the Province may provide to the Indenture Trustee, the FSM and the Financing Entity a notice in the form of Exhibit D (a "**Termination Notice**").

8.04 No Impact on Adherence

For greater certainty, the occurrence of Suspension Event or a failure by the FSM or the Financing Entity to perform its covenants under this Agreement will not invalidate or extinguish the obligations of the Province under the Limited Guarantee in respect of Approved Obligations in existence prior to the occurrence of the Suspension Event.

ARTICLE IX
MISCELLANEOUS

9.01 Term of Agreement

This Agreement will continue until the later of:

(a) the date that no amount is or may become due and payable by the Province under the Limited Guarantee; and

(b) the date that a Termination Notice is received by the Indenture Trustee, the FSM and the Financing Entity.

9.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to the Financing Entity:

[Financing Entity]
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

[Financing Entity Trustee], in its capacity as Financing Entity Trustee for
[Financing Entity]
[Address]
Attention: [■]

Fax: (416) [■]
Email: [■]

[■]

(b) if to the FSM:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(c) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

(d) if to the Indenture Trustee:

[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 9.02.

9.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 9.03 shall be null and void.

9.04 Enurement

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

9.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

9.06 Confidentiality

[Note: To be considered based on what would be customary and appropriate for similar types of arrangements and would be acceptable to the Province. Note that this Agreement will become part of the package of rights acquired by investors and counterparties and so it is unclear to what extent confidentiality can or should be preserved in these circumstances.]

9.07 No Petition

The Province agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Primary Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Financing Entity.

9.08 Force Majeure

In no event shall the Indenture Trustee or the Financing Entity Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Financing Entity Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

9.09 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____
Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

ONTARIO POWER GENERATION INC., AS FSM

By: _____
Name:
Title:

By: _____
Name:
Title:

[FINANCING ENTITY TRUSTEE], IN ITS CAPACITY AS FINANCING ENTITY TRUSTEE FOR [FINANCING ENTITY]

By: _____
Name:
Title:

[INDENTURE TRUSTEE], AS INDENTURE TRUSTEE AND NOT IN ITS INDIVIDUAL CAPACITY

By: _____
Name:
Title:

SCHEDULE A
DEFINED TERMS

"**Acceleration**" has the meaning ascribed to the term "acceleration"[14] in the General Regulation.

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Action**" has the meaning ascribed thereto under the Trust Indenture [as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee].

"**Adherence Conditions**", in respect of a Primary Obligation, means the conditions set out in Section 4.02.

"**Approved Obligation**" means a Primary Obligation that constitutes an Approved Obligation pursuant to Section 4.01.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.01.

"**Assumption Effective Date**" has the meaning ascribed thereto in Section 6.03.

"**Assumption Notice**" has the meaning ascribed thereto in Section 6.01.

"**Beneficiaries**" means the Specified Creditors to whom the Financing Entity owes a payment obligation pursuant to one or more Approved Obligations from time to time.

"**Breach Event**" means the occurrence or existence of any one or more of the following: (a) a default in the performance, or breach, of any covenants of OPG under the Process Agreement; or (b) any representation or warranty made by OPG, or any certification made by OPG under the Process Agreement, proves to be incorrect in any material respect on the date made; or (c) OPG is no longer the FSM, the Administrative Agent or the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the FSM, the Administrative Agent or the Manager.

"**Business Day**" means (a) any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are [, or the office of the Indenture Trustee is,] authorized or obligated by applicable law, regulation or executive order to be closed.

"**Capital Account**" has the meaning ascribed to the term "capital account" in the General Regulation.

"**Change of Law Protection Agreement**" means this Agreement.

[14] Note: A proposal to add this concept into the Regulation is under consideration by MOE. Further modifications to follow, depending on that process.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture [as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee].

"**Collection Account**" has the meaning ascribed thereto in the Trust Indenture [as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee].

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Agreement.

"**Finance Reserve Account**" has the meaning ascribed to the term "finance reserve account" in the General Regulation [as of the date of this Agreement].

"**Financing Entity**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**FSM**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act [as of the date of this Agreement].

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act [as of the date of this Agreement].

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Agreement until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of the Trust Indenture and this Agreement, and thereafter "Indenture Trustee" means and includes such Person.

"**Investment Interest**" has the meaning ascribed to the term "Investment Interest" in the Act [as of the date of this Agreement].

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in Section 2.01(b).

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Note**" or "**Notes**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Noteholder**" has the meaning ascribed thereto under the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**OIC**" has the meaning ascribed thereto in the second paragraph of the recitals in this Agreement.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Original Currency**" has the meaning ascribed thereto in Section 1.18(a).

"**Payment Demand**" has the meaning ascribed thereto in Section 2.01(a).

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" means any Obligation Secured that is a Funding Obligation, other than (a) any amounts that are or become payable as a result of the exercise of an option of the Financing Entity following a Protection Event; and [(b) any amounts required to be deposited by or on behalf of the Financing Entity into any Capital Account, Finance Reserve Account, or Supplemental Reserve Account.][15]

"**Process Agreement**" means the Change of Law Process Agreement dated [■], 2017 between the Province and OPG.

[15] Note: Possible simplification of definition structure under consideration.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture [as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee].

"**Program Breach**" means an event of default, early amortization event, termination event or similar event or circumstance (including any event that with the passage of time or the giving of notice would become such an event) of or in respect of the obligations of any party under any Program Agreement, including under this Agreement, the Trust Indenture, the Master Transfer and Servicing Agreement or any Derivative Agreement.

"**Protection Agreement Maximum"** means the dollar amount determined by the Province and of which OPG is provided notice in accordance with the Process Agreement.[16]

"**Protection Event**" means the occurrence of any of the following events:

(a) (i) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof as in effect on the date hereof;

(ii) the Legislature enacts or amends any other statute;

(iii) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the regulations made under the Act or any portion thereof as in effect on the date hereof; or

(iv) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*) as in effect on the date hereof;

(v) there is a change in the organization or structure of the IESO or Ontario's electricity market[17] undertaken at the initiative of the Province or an entity controlled by the Province,

in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its Investment Interest so that it can pay Obligations Secured, or (b) this Agreement or any of the agreements under which Obligations Secured arise, other than if the Indenture Trustee has confirmed in writing that the effect under such agreements is otherwise acceptable; or

(b) a court of competent jurisdiction [in a final and non-appealable judgement][18] determines that all or a portion of the Act or the regulations made under the Act, as in effect on the date hereof, is *ultra vires* or invalid in a way that materially and

[16] Note: An alternative would be to expressly state the Program Agreement Maximum amount and the process by which this amount is determined in this Agreement.

[17] Note: Consider more clarity to "Ontario's electricity market".

[18] Under consideration to assess the marketability implications of this phrase.

adversely affects the ability of the Financing Entity to receive amounts on its Investment Interest so that it can pay Obligations Secured.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Repayment**" has the meaning ascribed thereto in the General Regulation.

"**Second Currency**" has the meaning ascribed thereto in Section 1.18(b).

"**Security Interest**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Supplemental Reserve Account**" has the meaning ascribed in the Trust Indenture as of the date of this Agreement or hereafter as may be confirmed by notice in writing from the Province to the Indenture Trustee.

"**Suspension Event**" has the meaning ascribed thereto in Section 8.02.

"**Suspension Notice**" has the meaning ascribed thereto in Section 8.01.

"**Termination Notice**" has the meaning ascribed thereto in Section 8.03.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017, as amended, supplemented, restated or otherwise modified from time to time.

EXHIBIT A
FORM OF PAYMENT DEMAND

EXHIBIT B
ASSUMPTION NOTICE

EXHIBIT C
SUSPENSION NOTICE

EXHIBIT D
TERMINATION NOTICE

From: Thouin, Alena (ENERGY)
To: Ken Kandeepan; ASHBOURNE, STEPHEN
Cc: Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Tom McKinlay (MAG); Daniel Cayley (ENERGY); VINER, JON; Veinot, Cindy (TBS); Mark Donaldson (MOF)
Subject: RE: SRA Comments on the Process Agreement
Date: Saturday, November 18, 2017 10:28:13 AM

Energy is fine with below

Thank you.

From: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
Date: Friday, Nov 17, 2017, 7:52 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>
Cc: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>, Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>, Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>, Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>, Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>, McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>, Cayley, Daniel (ENERGY) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>, VINER, JON <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>, Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>, Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>
Subject: Re: SRA Comments on the Process Agreement

Hi Stephen

I can see the issue from an accounting perspective and have no objection to the change assuming my colleagues have no objection as well.

To be on the safe side I am cc'ing Cindy and Mark in case they wish to provide additional input.

Thanks

Ken k

On Nov 17, 2017, at 6:46 PM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>> wrote:

FYI, regarding the addition of the reporting requirement in 2.01(c) of the Process Agreement (re waivers, etc. – previously in 2.09 of the Protection Agreement), OPG asked that we change it from 10BD advance notice to promptly after implementation. They are concerned with the accounting/control implications as currently written. I said that I would pass this concern on to you with my recommendation that we can live with it (based on the context of our 'after the fact review approach' generally). John was happy with that but asked if he could tell his Board that the Province would be okay with that change. I told him he could say that he spoke to external counsel for the Province who understood the point and thought that it should probably be okay. If you want to talk about the point with me, I'm happy to discuss. Hope that all makes sense. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

_____

[cid:image682c67.GIF@7c93e073.41b892c8]

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199 Bay Street, Suite 4000, Toronto ON M5L 1A9
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blakes.com[blakes.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=VaVeir49nSVxxFJ74K28yoqLQrVtwLDKbOjok1Sdz5c&s=AgvbxOAVk3KiicUzd5fMIEkQJwHA4oU55TqhwYEOf5o&e=> | Twitter[twitter.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__twitter.com_BlakesLaw_&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=VaVeir49nSVxxFJ74K28yoqLQrVtwLDKbOjok1Sdz5c&s=ktNgwOsirQN_dEZPhEYk_JLm92w2MHKozvJpbqm_Pvl&e=> | Unsubscribe[blakes.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.blakes.com_English_Resources_Bulletins_Pages_unsubscribe.aspx&d=DwMGaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=sDTjf9tVmfT9K92u269doOHn6NwIN5Soa0mhVrZmimM&m=VaVeir49nSVxxFJ74K28yoqLQrVtwLDKbOjok1Sdz5c&s=qke7W4H91EJ8ozt38ZQdrqJuNnWt6-PEdpvz8fg6tHc&e=>

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From: ASHBOURNE, STEPHEN
Sent: Friday, November 17, 2017 2:28 PM
To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>); 'Mike Manning'; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>); tom.mckinlay@ontario.ca<mailto:tom.mckinlay@ontario.ca>
Cc: VINER, JON
Subject: SRA Comments on the Process Agreement

Please see attached.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

_____

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From:	ASHBOURNE, STEPHEN
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG); Daniel Cayley (ENERGY)
Cc:	VINER, JON
Subject:	RE: SRA Comments on the Process Agreement
Date:	Friday, November 17, 2017 6:46:08 PM

FYI, regarding the addition of the reporting requirement in 2.01(c) of the Process Agreement (re waivers, etc. – previously in 2.09 of the Protection Agreement), OPG asked that we change it from 10BD advance notice to promptly after implementation. They are concerned with the accounting/control implications as currently written. I said that I would pass this concern on to you with my recommendation that we can live with it (based on the context of our 'after the fact review approach' generally). John was happy with that but asked if he could tell his Board that the Province would be okay with that change. I told him he could say that he spoke to external counsel for the Province who understood the point and thought that it should probably be okay. If you want to talk about the point with me, I'm happy to discuss. Hope that all makes sense. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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From: ASHBOURNE, STEPHEN
Sent: Friday, November 17, 2017 2:28 PM
To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); 'Mike Manning'; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca
Cc: VINER, JON
Subject: SRA Comments on the Process Agreement

Please see attached.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From:	Ken Kandeepan
To:	LEE John -TREASURY
Cc:	VINER, JON; ASHBOURNE, STEPHEN; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG); Daniel Cayley (ENERGY)
Subject:	RE: SRA Comments on the Process Agreement
Date:	Saturday, November 18, 2017 9:24:33 PM

Hi John

We are ok with this revision.

Thanks

Ken k

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, November 17, 2017 6:46 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>
Cc: VINER, JON <JON.VINER@blakes.com>
Subject: RE: SRA Comments on the Process Agreement

FYI, regarding the addition of the reporting requirement in 2.01(c) of the Process Agreement (re waivers, etc. – previously in 2.09 of the Protection Agreement), OPG asked that we change it from 10BD advance notice to promptly after implementation. They are concerned with the accounting/control implications as currently written. I said that I would pass this concern on to you with my recommendation that we can live with it (based on the context of our 'after the fact review approach' generally). John was happy with that but asked if he could tell his Board that the Province would be okay with that change. I told him he could say that he spoke to external counsel for the Province who understood the point and thought that it should probably be okay. If you want to talk about the point with me, I'm happy to discuss. Hope that all makes sense. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
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Blakes

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To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); 'Mike Manning'; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca
Cc: VINER, JON
Subject: SRA Comments on the Process Agreement

Please see attached.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Gavin He
To: Ronald Kwan
Cc: Usman Zahid
Subject: RE: TB/MBC - FHP Loan/Cider/FSRA Funding/FST Governance
Date: Wednesday, September 20, 2017 5:40:31 PM

Hi Ron,

Just to clarify, this is for the Provincial Protection and Assurances Agreement item.

Regards,

Gavin He

From: Gavin He
Sent: Wednesday, September 20, 2017 5:34 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: FW: TB/MBC - FHP Loan/Cider/FSRA Funding/FST Governance

Hi Ron,

Please note that the Minister and the Deputy will be in New York on Monday, so it's unlikely that they will join the TB/MBC on Monday, September 25, 2017. The Associate DM Office has asked the ADMs to get ready to discuss their responsible items. The agenda is not ready yet, but I will share it with you as soon as I get it.

For the FHP item, is there anything you will need prior to the meeting?

Regards,

Gavin He

From: Skoberne, Vivienne (MOF) [mailto:Vivienne.Skoberne@ontario.ca]
Sent: Wednesday, September 20, 2017 5:28 PM
To: Cheryl Donais (MEDTE/MRI) <Cheryl.Donais@ontario.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Sybille Chan (MOF) <Sybille.Chan@ontario.ca>
Subject: FW: TB/MBC - FHP Loan/Cider/FSRA Funding/FST Governance

Please cue up your ADM for TB/MBC on Monday as the M and DM will not be at the meeting.

I will share the agenda as soon as it comes in.

From: Tekle, Jonathan (MOF)
Sent: September-20-17 5:24 PM
To: Skoberne, Vivienne (MOF)
Subject: RE: TB/MBC - FHP Loan/Cider/FSRA Funding/FST Governance

They'll be in New York so highly unlikely.

No agenda yet so still need clarity on discussion\consensus items for the meeting. Nancy may want to attend and delegate lead ADMs for the discussion items – Scott Nelms + Ron Kwan – FHP, Scott Nelms - Cider, David Wai\Sandy Roberts – FSRA and FST.

From: Skoberne, Vivienne (MOF)
Sent: September 20, 2017 4:51 PM
To: Tekle, Jonathan (MOF)
Subject: RE: TB/MBC - FHP Loan/Cider/FSRA Funding/FST Governance

Hi,

Do you know if the Minister is going to TB/MBC on Monday?

Are speaking remarks for the M or DM required for the MOF items listed above?

Do you have an agenda for this super TB/MBC meeting yet?

Lots of questions! Thanks!

Vivienne

Vivienne Skoberne

Office of Regulatory Policy and Agency Relations I Associate Deputy Minister's Office I Ministry of Finance

T:416-212-8063 | C:647-629-8351

vivienne.skoberne@ontario.ca

-----Original Appointment-----
From: Kennedy, Nancy (MOF)
Sent: August-22-17 4:45 PM
To: Kennedy, Nancy (MOF); Skoberne, Vivienne (MOF)
Subject: TB/MBC - FHP Loan/Cider/FSRA Funding/FST Governance
When: September-25-17 3:15 PM-6:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where:

From:	John Kim
To:	Anna Strathy; Ken Kandeepan; Ronald Kwan
Subject:	RE: TB/MBC Submission on Assumption Agreement - recommendations and questions
Date:	Wednesday, September 13, 2017 8:28:32 AM

Sure, sounds good.

From: Anna Strathy
Sent: Wednesday, September 13, 2017 8:28 AM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: TB/MBC Submission on Assumption Agreement - recommendations and questions

Thanks John. I'll check with Anthony first and see if he can request the draft.

From: John Kim
Sent: Wednesday, September 13, 2017 8:26 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: TB/MBC Submission on Assumption Agreement - recommendations and questions

Hi Anna, Ken,

We work with James quite a bit. I can facilitate the outreach for the draft.

John

From: Ken Kandeepan
Sent: Wednesday, September 13, 2017 8:24 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: TB/MBC Submission on Assumption Agreement - recommendations and questions

Sorry Anna, neither am I however, feel free to request the draft note, the protocol I believe is that you have to go through Anthony.

Thanks

Ken k

From: Anna Strathy
Sent: Wednesday, September 13, 2017 8:20 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: TB/MBC Submission on Assumption Agreement - recommendations and questions

I understand from Anthony that the TBS analyst is James Strang. I'm not familiar with James.

From: Anna Strathy
Sent: Tuesday, September 12, 2017 7:35 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: TB/MBC Submission on Assumption Agreement - recommendations and questions

Thank you both for weighing in on this, and Ron, for flagging that potential question from TBS. We'll be ready with an explanation if we do get pushed for an offset. I've asked CQSD to let me know who the TBS analyst is – they're likely more familiar with contingent liabilities than CQSD. Also, Ron, I haven't seen an assessment note yet, but I expect that TBS has the v7. draft circulated yesterday. I'll ask Anthony to confirm tomorrow.

From: Ken Kandeepan
Sent: Tuesday, September 12, 2017 1:19 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: TB/MBC Submission on Assumption Agreement - recommendations and questions

Well if TBS does want an offset we can provide the relevant explanation at that time. In any event potential impacts will be on the Treasury Program, so not sure what CQSD's concerns are.

Thanks

Ken k

From: Ronald Kwan
Sent: Tuesday, September 12, 2017 1:14 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: Re: TB/MBC Submission on Assumption Agreement - recommendations and questions

Hi Ken,

Agreed that the submission covers those points. The issue is if TB or TBS would want to identify a ministry as responsible for an offset, in that eventuality. As noted, given the magnitude and nature of the potential triggers, I would not be expecting TB to require an offset (which I read to be CQSD's implied concern on which ministry or ministries would be identified as needing to provide an offset in that eventuality).

Ron

From: Ken Kandeepan
Sent: September 12, 2017 1:06 PM
To: Ronald Kwan; Anna Strathy
Cc: John Kim
Subject: RE: TB/MBC Submission on Assumption Agreement - recommendations and questions

Hi Ron

When you refer to offsets I guess you mean an offset to any fiscal impact that may arise from the crystallization of a liability. Note that the mere crystallization of a liability has no fiscal impact (only impacts net debt) unless its accompanied by an increase in expenses which is usually in the form of an increase to the Province's IOD.

The submission currently addresses this issue by pointing out that the invocation of the guarantee, or as it is now called, the assumption, will impact both net debt and IOD. The submission also goes on to indicate that unless the CEA revenue stream diverts to the Province from the Financing Entity, upon assumption, there will be a fiscal impact from the incremental IOD.

The submission goes on to state that the net effect of the assumption sans the CEA (if that is will of the Government in power at that time) will be the taxpayer taking on a debt burden incurred for the benefit of the ratepayer, with very limited recourse for repayment.

Hope that satisfies your concern, I am meeting with Cindy next week Monday to ensure that both OPCD and the OFA are on the same page re the impact of the assumption.

Thanks

Ken k

From: Ronald Kwan
Sent: Tuesday, September 12, 2017 12:41 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: TB/MBC Submission on Assumption Agreement - recommendations and questions

Hi Anna,

Just a comment.

While I would not expect it in this case, given the size and what the trigger would be, TB sometimes requires submitting ministries to acknowledge finding offsets, should contingent liabilities crystallize.

So, not held by a particular ministry for accounting, but sometimes a Minuted point and ministry

responsibility. As stated, though, I would not expect it in this case. Might be good to confirm with the relevant TBS analyst. (Who would that be, and has TBS started drafting an assessment note?)

Ron

On Sep 12, 2017, at 12:34 PM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:

> Hi Anthony, will make those three updates you've requested. With respect to your question:
>
> *Contingent liabilities are not held by a particular ministry, rather they are presented in the Notes to the Consolidated Financial Statements in the Public Accounts of the Province as a contingent liability of the Province as a whole.*
>
> Thank you, Ken, for the wording.
>
> ---
>
> **From:** Reiss, Anthony (MOF) [mailto:Anthony.Reiss@ontario.ca]
> **Sent:** Tuesday, September 12, 2017 12:31 PM
> **To:** Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Cc:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Vivienne Skoberne (MOHLTC) <Vivienne.Skoberne@ontario.ca>; Smith, Stephanie M. (MOF) <Stephanie.M.Smith@ontario.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>
> **Subject:** RE: TB/MBC Submission on Assumption Agreement - recommendations and questions
>
> Hi Anna,
>
> Here are the updates I'm requesting to the submission.
>
> Pg 1 need to be consistent under points (a) and (b) should read always as Minister of Finance and Minister of Energy through the entire document.
>
> Pg 5 Recommendation should read; The Ministry of Finance and Ministry of Energy requests that Treasury Board/Management Board of Cabinet: currently says Approve, I thought we were using "Authorize" same as pg. 1
>
> Also for the minuting, as opposed to referencing an Appendix, we should say under the terms set out under the Change of Law Assumption Agreement, Indicative Term Sheet.

Questions, in the essence of time I will have a couple more questions later today… but,

Who is holding the contingent liability MOE or MOF ?

Thanks,
Anthony

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: September 11, 2017 5:05 PM
To: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; McKinlay, Tom (ENERGY) <Tom.McKinlay@ontario.ca>
Cc: Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Skoberne, Vivienne (MOF) <Vivienne.Skoberne@ontario.ca>; Smith, Stephanie M. (MOF) <Stephanie.M.Smith@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Reiss, Anthony (MOF) <Anthony.Reiss@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>
Subject: TB/MBC Submission on Assumption Agreement - CEO Approved

Good afternoon,

FYI, please find attached, the CEO-approved TB Submission for the Change of Law Assumption Agreement (no longer a "Support Agreement") tracking to TB/MBC for the Sep 26 meeting. This version incorporates input received from Energy.

We can confirm that both Ministers of Energy and Finance will be asked to sign the TB submission since both Ministers will recommend the OIC and both will sign the Assumption Agreement.

Please don't hesitate to contact me should you have any questions or comments. This version is tracking for CAO/DM/Minister approval in both Ministries.

Thanks, Anna

--
Anna Strathy
Ontario Financing Authority
416.325.8032 | anna.strathy@ofina.on.ca

From: Anna Strathy
Sent: Thursday, August 31, 2017 10:44 AM
To: 'Cindy.Veinot@ontario.ca' <Cindy.Veinot@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Carolyn Calwell (MCSS) <Carolyn.Calwell@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Vivienne Skoberne (MOHLTC) <Vivienne.Skoberne@ontario.ca>; 'stephanie.m.smith@ontario.ca' <stephanie.m.smith@ontario.ca>; Deena Padamadan <Deena.Padamadan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; 'Hosick, Sarah (TBS)' <Sarah.Hosick@ontario.ca>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>; Matthew Breadner <Matthew.Breadner@ofina.on.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi All,

Please find attached the latest version of the TB submission, which includes some comments in the margins that still need to be addressed. Thanks to everyone who has provided edits so far. I'd like to reiterate that we're still tracking the Sept. 26 TB/MBC meeting, which means we'll have to brief our Minister next week in order to provide a final submission to TBS three weeks before the meeting.

As many of you may already know, we are now calling it a "Provincial Support Agreement" as opposed to "Provincial guarantee" as MOF legal advised this is not a true guarantee as the agreement would be contingent on certain events (whereas a guarantee would not).

Please provide further comments and edits as appropriate. We're looking to have program area and legal sign-off by Wed. Sept. 6.

Thanks,
Matt Breadner on behalf of Anna Strathy

From: Anna Strathy
Sent: Friday, August 18, 2017 4:07 PM
To: 'Cindy.Veinot@ontario.ca' <Cindy.Veinot@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Carolyn Calwell (MCSS)

<Carolyn.Calwell@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Vivienne Skoberne (MOHLTC) <Vivienne.Skoberne@ontario.ca>; 'stephanie.m.smith@ontario.ca' <stephanie.m.smith@ontario.ca>; Deena Padamadan <Deena.Padamadan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; 'Hosick, Sarah (TBS)' <Sarah.Hosick@ontario.ca>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>; Matthew Breadner <Matthew.Breadner@ofina.on.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Good afternoon,

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I'll be away for the next two weeks, but Matt Breadner will be acting for me and will have access to my email. Matt will be consolidating your input and circulating revised drafts to this group. Please continue to route your comments through my email.

Thank you, Anna

From: Anna Strathy
Sent: Thursday, August 17, 2017 12:52 PM
To: 'Cindy.Veinot@ontario.ca' <Cindy.Veinot@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
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Subject: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Cindy, Steen, Kelly (for Scott), and Malle,

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I apologize for the tight timelines, but **we are hoping to have your comments (even preliminary comments) by noon tomorrow**. I expect that subsequent iterations of this submission and/or the TB Assessment Note will be circulated again for your input.

Please don't hesitate to contact me should you have any questions.

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

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To:	Anna Strathy; Ken Kandeepan; John Kim
Subject:	RE: TB/MBC Submission on Assumption Agreement - recommendations and questions
Date:	Wednesday, September 13, 2017 9:27:01 AM

Hi All,

As a comment, TBS typically shares (or asks us, at times, to write) draft assessment notes on energy-related issues at the earliest stages, as part of our central agency review function. However, when we (MOF/OFA) are the submitting entity, they may act differently, where they may share the assessment note only at a fairly late stage (we have at times worked around that, given our longstanding working relationship with staff). We'll see in this case.

From: John Kim
Sent: September-13-17 08:29
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: TB/MBC Submission on Assumption Agreement - recommendations and questions

Sure, sounds good.

From: Anna Strathy
Sent: Wednesday, September 13, 2017 8:28 AM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: TB/MBC Submission on Assumption Agreement - recommendations and questions

Thanks John. I'll check with Anthony first and see if he can request the draft.

From: John Kim
Sent: Wednesday, September 13, 2017 8:26 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: TB/MBC Submission on Assumption Agreement - recommendations and questions

Hi Anna, Ken,

We work with James quite a bit. I can facilitate the outreach for the draft.

John

From: Ken Kandeepan
Sent: Wednesday, September 13, 2017 8:24 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: TB/MBC Submission on Assumption Agreement - recommendations and questions

Sorry Anna, neither am I however, feel free to request the draft note, the protocol I believe is that you have to go through Anthony.

Thanks

Ken k

From: Anna Strathy
Sent: Wednesday, September 13, 2017 8:20 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: TB/MBC Submission on Assumption Agreement - recommendations and questions

I understand from Anthony that the TBS analyst is James Strang. I'm not familiar with James.

From: Anna Strathy
Sent: Tuesday, September 12, 2017 7:35 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: TB/MBC Submission on Assumption Agreement - recommendations and questions

Thank you both for weighing in on this, and Ron, for flagging that potential question from TBS. We'll be ready with an explanation if we do get pushed for an offset. I've asked CQSD to let me know who the TBS analyst is – they're likely more familiar with contingent liabilities than CQSD. Also, Ron, I haven't seen an assessment note yet, but I expect that TBS has the v7. draft circulated yesterday. I'll ask Anthony to confirm tomorrow.

From: Ken Kandeepan
Sent: Tuesday, September 12, 2017 1:19 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: TB/MBC Submission on Assumption Agreement - recommendations and questions

Well if TBS does want an offset we can provide the relevant explanation at that time. In any event potential impacts will be on the Treasury Program, so not sure what CQSD's concerns are.

Thanks

Ken k

From: Ronald Kwan
Sent: Tuesday, September 12, 2017 1:14 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>

Subject: Re: TB/MBC Submission on Assumption Agreement - recommendations and questions

Hi Ken,

Agreed that the submission covers those points. The issue is if TB or TBS would want to identify a ministry as responsible for an offset, in that eventuality. As noted, given the magnitude and nature of the potential triggers, I would not be expecting TB to require an offset (which I read to be CQSD's implied concern on which ministry or ministries would be identified as needing to provide an offset in that eventuality).

Ron

From: Ken Kandeepan
Sent: September 12, 2017 1:06 PM
To: Ronald Kwan; Anna Strathy
Cc: John Kim
Subject: RE: TB/MBC Submission on Assumption Agreement - recommendations and questions

Hi Ron

When you refer to offsets I guess you mean an offset to any fiscal impact that may arise from the crystallization of a liability. Note that the mere crystallization of a liability has no fiscal impact (only impacts net debt) unless its accompanied by an increase in expenses which is usually in the form of an increase to the Province's IOD.

The submission currently addresses this issue by pointing out that the invocation of the guarantee, or as it is now called, the assumption, will impact both net debt and IOD. The submission also goes on to indicate that unless the CEA revenue stream diverts to the Province from the Financing Entity, upon assumption, there will be a fiscal impact from the incremental IOD.

The submission goes on to state that the net effect of the assumption sans the CEA (if that is will of the Government in power at that time) will be the taxpayer taking on a debt burden incurred for the benefit of the ratepayer, with very limited recourse for repayment.

Hope that satisfies your concern, I am meeting with Cindy next week Monday to ensure that both OPCD and the OFA are on the same page re the impact of the assumption.

Thanks

Ken k

From: Ronald Kwan
Sent: Tuesday, September 12, 2017 12:41 PM

To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: TB/MBC Submission on Assumption Agreement - recommendations and questions

Hi Anna,

Just a comment.

While I would not expect it in this case, given the size and what the trigger would be, TB sometimes requires submitting ministries to acknowledge finding offsets, should contingent liabilities crystallize.

So, not held by a particular ministry for accounting, but sometimes a Minuted point and ministry responsibility. As stated, though, I would not expect it in this case. Might be good to confirm with the relevant TBS analyst. (Who would that be, and has TBS started drafting an assessment note?)

Ron

On Sep 12, 2017, at 12:34 PM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:

> Hi Anthony, will make those three updates you've requested. With respect to your question:
>
> *Contingent liabilities are not held by a particular ministry, rather they are presented in the Notes to the Consolidated Financial Statements in the Public Accounts of the Province as a contingent liability of the Province as a whole.*
>
> Thank you, Ken, for the wording.
>
> ---
>
> **From:** Reiss, Anthony (MOF) [mailto:Anthony.Reiss@ontario.ca]
> **Sent:** Tuesday, September 12, 2017 12:31 PM
> **To:** Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Cc:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Vivienne Skoberne (MOHLTC) <Vivienne.Skoberne@ontario.ca>; Smith, Stephanie M. (MOF) <Stephanie.M.Smith@ontario.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>
> **Subject:** RE: TB/MBC Submission on Assumption Agreement - recommendations and questions
>
> Hi Anna,

Here are the updates I'm requesting to the submission.

Pg 1 need to be consistent under points (a) and (b) should read always as Minister of Finance and Minister of Energy through the entire document.

Pg 5 Recommendation should read; The Ministry of Finance and Ministry of Energy requests that Treasury Board/Management Board of Cabinet: currently says Approve, I thought we were using "Authorize" same as pg. 1

Also for the minuting, as opposed to referencing an Appendix, we should say under the terms set out under the Change of Law Assumption Agreement, Indicative Term Sheet.

Questions, in the essence of time I will have a couple more questions later today… but,

Who is holding the contingent liability MOE or MOF ?

Thanks,
Anthony

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: September 11, 2017 5:05 PM
To: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hume, Steen (ENERGY) <Steen.Hume@ontario.ca>; McKinlay, Tom (ENERGY) <Tom.McKinlay@ontario.ca>
Cc: Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Skoberne, Vivienne (MOF) <Vivienne.Skoberne@ontario.ca>; Smith, Stephanie M. (MOF) <Stephanie.M.Smith@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Reiss, Anthony (MOF) <Anthony.Reiss@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca>
Subject: TB/MBC Submission on Assumption Agreement - CEO Approved

Good afternoon,

FYI, please find attached, the CEO-approved TB Submission for the Change of Law Assumption Agreement (no longer a "Support Agreement") tracking to TB/MBC for the Sep 26 meeting. This version incorporates input received from Energy.

We can confirm that both Ministers of Energy and Finance will be asked to sign the TB submission since both Ministers will recommend the OIC and both will sign the Assumption Agreement.

Please don't hesitate to contact me should you have any questions or comments. This version is tracking for CAO/DM/Minister approval in both Ministries.

Thanks, Anna

--
Anna Strathy
Ontario Financing Authority
416.325.8032 | anna.strathy@ofina.on.ca

From: Anna Strathy
Sent: Thursday, August 31, 2017 10:44 AM
To: 'Cindy.Veinot@ontario.ca' <Cindy.Veinot@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Carolyn Calwell (MCSS) <Carolyn.Calwell@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
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Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi All,

Please find attached the latest version of the TB submission, which includes some comments in the margins that still need to be addressed. Thanks to everyone who has provided edits so far. I'd like to reiterate that we're still tracking the Sept. 26 TB/MBC meeting, which means we'll have to brief our Minister next week in order to provide a final submission to TBS three weeks before the meeting.

As many of you may already know, we are now calling it a "Provincial Support Agreement" as opposed to "Provincial guarantee" as MOF legal advised this is not a true guarantee as the agreement would be contingent on certain events (whereas a

guarantee would not).

Please provide further comments and edits as appropriate. We're looking to have program area and legal sign-off by Wed. Sept. 6.

Thanks,
Matt Breadner on behalf of Anna Strathy

From: Anna Strathy
Sent: Friday, August 18, 2017 4:07 PM
To: 'Cindy.Veinot@ontario.ca' <Cindy.Veinot@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Carolyn Calwell (MCSS) <Carolyn.Calwell@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
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Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

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From:	Whitfield, Tobias P. (MOF)
To:	Malle Hanslep (MOF); Anna Strathy; Veinot, Cindy (TBS); Steen Hume (CAB); Tom McKinlay (MAG); Scott Nelms (ENERGY); Anthony Reiss (MGS)
Cc:	Gadi Mayman; Ronald Kwan; Ken Kandeepan; John Kim; John Psinas; James Devine; Carlos Yep; Vivienne Skoberne (MOHLTC); Smith, Stephanie M. (MOF); Gavin He; Hosick, Sarah (TBS); Keley Katona (ENERGY); Hilary Cox (ENE); Jonathan Tekle (CAB)
Subject:	RE: TB/MBC Submission on Provincial Protection Agreement - revised draft
Date:	Wednesday, September 13, 2017 1:02:15 PM
Attachments:	Minister Section 28 approval for FHP Protection ag OIC.doc OIC - FHP S.5 Draft September 12.doc

Please find attached a draft of the s. 28 approval of the OIC, along with the draft OIC that is to be attached to the s. 28 approval.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Hanslep, Malle (MOF)
Sent: September 13, 2017 9:57 AM
To: Strathy, Anna (OFA); Veinot, Cindy (TBS); Hume, Steen (ENERGY); McKinlay, Tom (ENERGY); Nelms, Scott (MOF); Reiss, Anthony (MOF)
Cc: Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Kim, John (OFA); John Psinas; Devine, James (OFA); Yep, Carlos (OFA); Skoberne, Vivienne (MOF); Smith, Stephanie M. (MOF); He, Gavin (OFA); Whitfield, Tobias P. (MOF); Hosick, Sarah (TBS); Katona, Keley (MOF); Cox, Hilary (ENERGY); Tekle, Jonathan (MOF)
Subject: RE: TB/MBC Submission on Provincial Protection Agreement - revised draft

Hi all,

You will note on p. 4 of the submission a paragraph about the applicability of s. 28 which does apply in this case. When the Minister of Finance recommends an OIC to authorize a guarantee and signs the guarantee, we do not typically ask the Minister to sign a separate s. 28 approval. However, yesterday we saw a draft of the proposed legal opinion that our outside counsel is being requested to give in connection with the proposed transaction and this specifically mentions s. 28 approval. Therefore, in this case to assist the providing of the legal opinion and because of the size of this transaction, it is important to have clear approvals evidenced, we recommend that the Minister of Finance be requested to sign an approval to seek the OIC from Cabinet and afterwards of the actual guarantee. Toby will provide a draft soon. It is just a short one page which would approve the ministers bringing forward the OIC in the form attached.

Please let me know if you have any comments or concerns. Thanks.

Malle

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: September 12, 2017 8:45 PM
To: Veinot, Cindy (TBS); Hume, Steen (ENERGY); McKinlay, Tom (ENERGY); Hanslep, Malle (MOF);

Nelms, Scott (MOF); Reiss, Anthony (MOF)
Cc: Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Kim, John (OFA); John Psinas; Devine, James (OFA); Yep, Carlos (OFA); Skoberne, Vivienne (MOF); Smith, Stephanie M. (MOF); He, Gavin (OFA); Whitfield, Tobias P. (MOF); Hosick, Sarah (TBS); Katona, Keley (MOF); Cox, Hilary (ENERGY); Tekle, Jonathan (MOF)
Subject: TB/MBC Submission on Provincial Protection Agreement - revised draft

Good evening,

Please find attached, a revised draft of the TB submission on the (newly titled) Provincial Protection Agreement, which incorporates input from MOF Corporate and MOF Legal. Both clean and track change versions are attached. Please advise as soon as possible if you have any further comments or edits.

Thank you, Anna

--
Anna Strathy
Ontario Financing Authority
416.325.8032 | anna.strathy@ofina.on.ca

From: Anna Strathy
Sent: Monday, September 11, 2017 5:05 PM
To: 'Cindy.Veinot@ontario.ca' <Cindy.Veinot@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Vivienne Skoberne (MOHLTC) <Vivienne.Skoberne@ontario.ca>; 'stephanie.m.smith@ontario.ca' <stephanie.m.smith@ontario.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; 'Hosick, Sarah (TBS)' <Sarah.Hosick@ontario.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Jonathan Tekle (CAB) <Jonathan.Tekle@ontario.ca>
Subject: TB/MBC Submission on Assumption Agreement - CEO Approved

Good afternoon,

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Thanks, Anna

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Anna Strathy
Ontario Financing Authority
416.325.8032 | anna.strathy@ofina.on.ca

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Sent: Thursday, August 31, 2017 10:44 AM
To: 'Cindy.Veinot@ontario.ca' <Cindy.Veinot@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Carolyn Calwell (MCSS) <Carolyn.Calwell@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
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[Minister's Letterhead]

Approval pursuant to section 28 of the
Financial Administration Act

For the purpose of subsection 28(1) of the *Financial Administration Act*, I hereby approve the Minister of Energy and Minister of Finance seeking approval from the Lieutenant Governor in Council for the attached recommendation for an order in council pursuant to section 5(3) of the *Ontario Fair Hydro Plan Act, 2017*.

Minister of Finance

CONFIDENTIAL AND PRIVILEGED DRAFT – September 12, 2017

WHEREAS pursuant to subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017* (the "Act"), the Lieutenant Governor in Council may by order authorize the Minister of Energy and the Minister of Finance, acting together on behalf of the Province to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest as described under the Act;

AND WHEREAS pursuant to subsection 22(2) of the Act, Ontario Power Generation Inc. as financial services manager, may establish or cause to be established one or more financing entities (a "Financing Entity") that may incur funding obligations in connection with investment interests**;**

AND WHEREAS it is considered desirable to authorize the Minister of Energy and the Minister of Finance to agree to guarantee or indemnify debts, obligations, securities or undertakings of a Financing Entity associated with investment interests acquired by a Financing Entity;

NOW THEREFORE:

1. Pursuant to subsection 5(3) of the *Ontario Fair Hydro Plan Act, 2017*, the Minister of Energy and the Minister of Finance, acting together on behalf of Ontario, are authorized to enter into one or more agreements to guarantee or indemnify the debts, obligations securities or undertakings of a Financing Entity associated with investment interests acquired by a Financing Entity.

2. The Minister of Energy and the Minister of Finance, acting together on behalf of Ontario are authorized to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee and indemnity authorized under paragraph 1 of this Order.

Recommended _____ Concurred _____

Minister of Energy/Minister of Finance Chair of Cabinet

Approved
and Ordered _____ _____

Date Lieutenant Governor

From:	Hanslep, Malle (MOF)
To:	Anna Strathy; Veinot, Cindy (TBS); Steen Hume (CAB); Tom McKinlay (MAG); Scott Nelms (ENERGY); Anthony Reiss (MGS)
Cc:	Gadi Mayman; Ronald Kwan; Ken Kandeepan; John Kim; John Psinas; James Devine; Carlos Yep; Vivienne Skoberne (MOHLTC); Smith, Stephanie M. (MOF); Gavin He; Tobias P. Whitfield (MOF); Hosick, Sarah (TBS); Keley Katona (ENERGY); Hilary Cox (ENE); Jonathan Tekle (CAB)
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Date:	Wednesday, September 13, 2017 9:57:28 AM

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Please let me know if you have any comments or concerns. Thanks.

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Sent: September 12, 2017 8:45 PM
To: Veinot, Cindy (TBS); Hume, Steen (ENERGY); McKinlay, Tom (ENERGY); Hanslep, Malle (MOF); Nelms, Scott (MOF); Reiss, Anthony (MOF)
Cc: Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Kim, John (OFA); John Psinas; Devine, James (OFA); Yep, Carlos (OFA); Skoberne, Vivienne (MOF); Smith, Stephanie M. (MOF); He, Gavin (OFA); Whitfield, Tobias P. (MOF); Hosick, Sarah (TBS); Katona, Keley (MOF); Cox, Hilary (ENERGY); Tekle, Jonathan (MOF)
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Subject:	RE: TB/MBC Submission on Provincial Protection Agreement - revised draft
Date:	Wednesday, September 13, 2017 1:41:13 PM

Thank you, Toby.

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, September 13, 2017 1:02 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>
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Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Subject: TB/MBC Submission on Assumption Agreement - CEO Approved

Good afternoon,

FYI, please find attached, the CEO-approved TB Submission for the Change of Law Assumption Agreement (no longer a "Support Agreement") tracking to TB/MBC for the Sep 26 meeting. This version incorporates input received from Energy.

We can confirm that both Ministers of Energy and Finance will be asked to sign the TB submission since both Ministers will recommend the OIC and both will sign the Assumption Agreement.

Please don't hesitate to contact me should you have any questions or comments. This version is tracking for CAO/DM/Minister approval in both Ministries.

Thanks, Anna

--
Anna Strathy
Ontario Financing Authority
416.325.8032 | anna.strathy@ofina.on.ca

From: Anna Strathy
Sent: Thursday, August 31, 2017 10:44 AM
To: 'Cindy.Veinot@ontario.ca' <Cindy.Veinot@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Carolyn Calwell (MCSS) <Carolyn.Calwell@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Vivienne Skoberne (MOHLTC) <Vivienne.Skoberne@ontario.ca>; 'stephanie.m.smith@ontario.ca' <stephanie.m.smith@ontario.ca>; Deena Padamadan <Deena.Padamadan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; 'Hosick, Sarah (TBS)' <Sarah.Hosick@ontario.ca>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>; Matthew Breadner <Matthew.Breadner@ofina.on.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi All,

Please find attached the latest version of the TB submission, which includes some comments in the margins that still need to be addressed. Thanks to everyone who has provided edits so far. I'd like to reiterate that we're still tracking the Sept. 26 TB/MBC meeting, which means we'll have to brief our Minister next week in order to provide a final submission to TBS three weeks before the meeting.

As many of you may already know, we are now calling it a "Provincial Support Agreement" as opposed to "Provincial guarantee" as MOF legal advised this is not a true guarantee as the agreement would be contingent on certain events (whereas a guarantee would not).

Please provide further comments and edits as appropriate. We're looking to have program area and legal sign-off by Wed. Sept. 6.

Thanks,
Matt Breadner on behalf of Anna Strathy

From: Anna Strathy
Sent: Friday, August 18, 2017 4:07 PM
To: 'Cindy.Veinot@ontario.ca' <Cindy.Veinot@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Carolyn Calwell (MCSS) <Carolyn.Calwell@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Vivienne Skoberne (MOHLTC) <Vivienne.Skoberne@ontario.ca>; 'stephanie.m.smith@ontario.ca' <stephanie.m.smith@ontario.ca>; Deena Padamadan <Deena.Padamadan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; 'Hosick, Sarah (TBS)' <Sarah.Hosick@ontario.ca>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>; Matthew Breadner <Matthew.Breadner@ofina.on.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>
Subject: RE: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Good afternoon,

We are now tracking the Provincial Guarantee to TB/MBC for September 26 as a Ministry of Finance item. We'll need to brief our Minister the first week of September in order to provide a final submission to TBS three weeks before the meeting. Thank you to those that have provided comments on the attached. Further comments and edits would be much appreciated.

I'll be away for the next two weeks, but Matt Breadner will be acting for me and will have access to my email. Matt will be consolidating your input and circulating revised drafts to this group. Please continue to route your comments through my email.

Thank you, Anna

From: Anna Strathy
Sent: Thursday, August 17, 2017 12:52 PM
To: 'Cindy.Veinot@ontario.ca' <Cindy.Veinot@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Vivienne Skoberne (MOHLTC) <Vivienne.Skoberne@ontario.ca>; 'stephanie.m.smith@ontario.ca' <stephanie.m.smith@ontario.ca>; Deena Padamadan <Deena.Padamadan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>; Matthew Breadner <Matthew.Breadner@ofina.on.ca>
Subject: For Review and Comment: TB/MBC Submission on Provincial Guarantee

Hi Cindy, Steen, Kelly (for Scott), and Malle,

Attached, for your review and comment, is a draft TB submission for the Provincial Guarantee.

This submission is somewhat premature, as there continue to be discussions about which Ministry might bring this forward (for instance, the Provincial Guarantee piece could be incorporated into a broader report back by the Ministry of Energy) and when this might go to TB/MBC (mid to late September); however, Gadi is on vacation for two weeks starting Monday, so we wanted to get a head start on something that could be moved forward in his absence.

I apologize for the tight timelines, but **we are hoping to have your comments (even preliminary comments) by noon tomorrow**. I expect that subsequent iterations of this submission and/or the TB Assessment Note will be circulated again for your input.

Please don't hesitate to contact me should you have any questions.

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

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including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Ronald Kwan; Anna Strathy
Cc: Usman Zahid
Subject: RE: Teleconference | Obligor Approval Process
Date: Tuesday, September 26, 2017 1:47:59 PM

Hi Ron,

FYI, it turns out there is one Tom McKinlay. He is now back at MAG but continuing to work on the FHP issues still.

John

From: Ronald Kwan
Sent: Tuesday, September 26, 2017 1:46 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Teleconference | Obligor Approval Process

Hi Anna,

I have a conflict. John might be able to attend, if his earlier meeting ends on time.

And not sure you emailed the right Tom McKinlay (missing a "2" in the email address).

Ron

-----Original Appointment-----
From: Anna Strathy
Sent: September-26-17 13:39
To: Mike Manning; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; 'Cengarle, John (MOF'; Keley Katona (ENERGY); Mark Donaldson (MOF); John Kim; Tom McKinlay (MAG); 'Thouin, Alena (ENERGY'; 'stephen.ashbourne@blakes.com'; Malle Hanslep (MOF); Usman Zahid
Subject: Teleconference | Obligor Approval Process
When: September-27-17 10:00-10:30 (UTC-05:00) Eastern Time (US & Canada).
Where: Conference Call: 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Toll-free dial-in number: 1-866-602-5461

Local dial-in number: 416-212-8011

Conference ID: 4717656

Moderator: OFA

From:	Anna Strathy
To:	Ronald Kwan
Cc:	Usman Zahid; John Kim
Subject:	RE: Teleconference | Obligor Approval Process
Date:	Tuesday, September 26, 2017 1:47:50 PM

Sorry about that Ron, it seemed like the best time for most. John, will 10am work for you?

Toby instructed me to update Tom's email address to remove the "2" – apparently he is back at CLOC but still working on this file for Energy.

From: Ronald Kwan
Sent: Tuesday, September 26, 2017 1:46 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Teleconference | Obligor Approval Process

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Conference ID: 4717656

Moderator: OFA

From: Ronald Kwan
To: Anna Strathy
Cc: Usman Zahid; John Kim
Subject: RE: Teleconference | Obligor Approval Process
Date: Tuesday, September 26, 2017 1:46:22 PM

Hi Anna,

I have a conflict. John might be able to attend, if his earlier meeting ends on time.

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Ron

-----Original Appointment-----
From: Anna Strathy
Sent: September-26-17 13:39
To: Mike Manning; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; 'Cengarle, John (MOF'; Keley Katona (ENERGY); Mark Donaldson (MOF); John Kim; Tom McKinlay (MAG); 'Thouin, Alena (ENERGY'; 'stephen.ashbourne@blakes.com'; Malle Hanslep (MOF); Usman Zahid
Subject: Teleconference | Obligor Approval Process
When: September-27-17 10:00-10:30 (UTC-05:00) Eastern Time (US & Canada).
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Toll-free dial-in number: 1-866-602-5461

Local dial-in number: 416-212-8011

Conference ID: 4717656

Moderator: OFA

From: John Kim
To: Anna Strathy; Ronald Kwan
Cc: Usman Zahid
Subject: RE: Teleconference | Obligor Approval Process
Date: Tuesday, September 26, 2017 1:48:32 PM

Sorry, emails crossed….I will ask EFB staff to call in just in case.

John

From: Anna Strathy
Sent: Tuesday, September 26, 2017 1:48 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Teleconference | Obligor Approval Process

Sorry about that Ron, it seemed like the best time for most. John, will 10am work for you?

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From: Ronald Kwan
Sent: Tuesday, September 26, 2017 1:46 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Teleconference | Obligor Approval Process

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Subject: Teleconference | Obligor Approval Process

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Toll-free dial-in number: 1-866-602-5461

Local dial-in number: 416-212-8011

Conference ID: 4717656

Moderator: OFA

From:	Whitfield, Tobias P. (MOF)
To:	Ken Kandeepan; Malle Hanslep (MOF)
Cc:	Anna Strathy; Gadi Mayman; Mike Manning; Ronald Kwan; Anthony Reiss (MGS)
Subject:	RE: Term Sheet
Date:	Wednesday, September 13, 2017 12:39:00 PM
Attachments:	23148306-v15-Term Sheet - Provincial Support Agreement - Sept. 13.docx

Following further discussions, we have further revised the wording for the TB minute suggestion as below. Also, I have attached a revised term sheet that includes a note regarding changes to the IESO structure, reflecting the additional negotiating point in that respect. The intention is not to provide that note to OPG, but to include it so that if the negotiations lead to that point being included that the approval includes a reference to it in the approved form of term sheet.

"Approve the Minister of Finance and Minister of Energy to negotiate a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such non-material changes and amendments to those terms and that the two ministers acting together may determine."

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: September 13, 2017 11:20 AM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF)
Cc: Strathy, Anna (OFA); Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Reiss, Anthony (MOF)
Subject: RE: Term Sheet

Is it possible for Malle and you to call me 416-325-9814

Ken k

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, September 13, 2017 11:18 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>
Subject: RE: Term Sheet

Malle and I have discussed the wording and we think that the below wording more clearly sets out

the scope of the Ministers' authority to enter into the agreement, but also to negotiate the terms in a way that is consistent with the attached term sheet, but also allowing some scope for amendments.

This is our proposed wording for the first minute, with substantive changes in red:

"Approve the Minister of Finance and Minister of Energy to negotiate a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such non-material changes and amendments to those terms and that the two ministers acting together may determine."

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Hanslep, Malle (MOF)
Sent: September 13, 2017 10:40 AM
To: Kandeepan, Ken (OFA)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
Subject: Re: Term Sheet

Thanks Ken. I am wondering whether we should expand the wording of the requested minute #1 a bit to make it clearer that the Ministers can negotiate a bit more because right now it refers to the appended term sheet which doesn't include the third scenario although it is in the body of the text. Maybe strenthen that wording a bit.

OPG has not seen the changes that we made to the term sheet yesterday to align it to the OIC authority. Eg changing the name etc

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan
Sent: Wednesday, September 13, 2017 10:33
To: Hanslep, Malle (MOF)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
Subject: RE: Term Sheet

Hi Malle

After discussing with Gadi, Mike and Ron, we understand that OPG's current timeframe for meeting with the Rating Agencies is next week. Unless OPG comes back with material revisions to the Term

Sheet as it currently stands, which hopefully is unlikely, the submission can proceed as planned, given that the requested approval is to negotiate the terms. Note that even the initial request by OPG for the Assumption to cover any changes to the IESO organization, structure or operations which we removed in the last version of the Term Sheet is included in the submission as a contingent.

Any non-material changes over the next few days can be incorporated into the TBS Note which is usually the primary document used in the presentation to Treasury Board. As Gadi pointed out any material changes that may surface as the terms of the Assumption are finalized may require another visit to TB.

Thanks and hope this answers your question.

Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, September 13, 2017 10:00 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Term Sheet

Hi,

We wanted to let you know that we haven't heard anything back from Torys on the term sheet since our call with them last Friday. I think that they were going to speak to the dealers about this. Steve is going to call Torys to find out the status.

Given that it will be very difficult to make changes to the term sheet once it is in the TB process and the Ministers sign off, I wonder what we can do about this. Have you heard anything back from OPG about comments or the timing as they said they needed to go to the rating agencies with this?

Thanks.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the General Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are

	appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*), in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act or the Regulation is *ultra vires* in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims. **[Note: Additional term to be considered regarding changes to the organization, structure, or operations of the IESO. See section 4 of Treasury Board submission for additional details.]**
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.

Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent.
Optional Replacement:	At any time following the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable, the Obligor shall be entitled (but not obligated) to replace the Financing Entity as obligor and debtor and directly assume all of the Financing Entity's outstanding obligations and liabilities. The Financing Entity (including through the Financial Services Manager) will ensure that any obligation and liabilities undertaken or assumed by it will by their terms permit such a replacement and assumption (or, if applicable, satisfaction and termination) by the Obligor without additional cost or penalty and without any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The Change of Law Protection Agreement will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Protection Agreement applies to such Specified Claim. The Change of Law Protection Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Protection Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims. The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.

FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

From:	Ken Kandeepan
To:	Tobias P. Whitfield (MOF); Malle Hanslep (MOF)
Cc:	Anna Strathy; Gadi Mayman; Mike Manning; Ronald Kwan; Anthony Reiss (MGS)
Subject:	RE: Term Sheet
Date:	Wednesday, September 13, 2017 11:20:03 AM

Is it possible for Malle and you to call me 416-325-9814

Ken k

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, September 13, 2017 11:18 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>
Subject: RE: Term Sheet

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"Approve the Minister of Finance and Minister of Energy to negotiate a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities generally reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such changes and amendments to those terms and additional terms and conditions that the two ministers acting together may determine at their discretion."

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Hanslep, Malle (MOF)
Sent: September 13, 2017 10:40 AM
To: Kandeepan, Ken (OFA)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
Subject: Re: Term Sheet

Thanks Ken. I am wondering whether we should expand the wording of the requested minute #1 a bit to make it clearer that the Ministers can negotiate a bit more because right now it

refers to the appended term sheet which doesn't include the third scenario although it is in the body of the text. Maybe strenthen that wording a bit.

OPG has not seen the changes that we made to the term sheet yesterday to align it to the OIC authority. Eg changing the name etc

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Ken Kandeepan
Sent: Wednesday, September 13, 2017 10:33
To: Hanslep, Malle (MOF)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
Subject: RE: Term Sheet

Hi Malle

After discussing with Gadi, Mike and Ron, we understand that OPG's current timeframe for meeting with the Rating Agencies is next week. Unless OPG comes back with material revisions to the Term Sheet as it currently stands, which hopefully is unlikely, the submission can proceed as planned, given that the requested approval is to negotiate the terms. Note that even the initial request by OPG for the Assumption to cover any changes to the IESO organization, structure or operations which we removed in the last version of the Term Sheet is included in the submission as a contingent.

Any non-material changes over the next few days can be incorporated into the TBS Note which is usually the primary document used in the presentation to Treasury Board. As Gadi pointed out any material changes that may surface as the terms of the Assumption are finalized may require another visit to TB.

Thanks and hope this answers your question.

Ken k

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, September 13, 2017 10:00 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Term Sheet

Hi,

We wanted to let you know that we haven't heard anything back from Torys on the term

sheet since our call with them last Friday. I think that they were going to speak to the dealers about this. Steve is going to call Torys to find out the status.

Given that it will be very difficult to make changes to the term sheet once it is in the TB process and the Ministers sign off, I wonder what we can do about this. Have you heard anything back from OPG about comments or the timing as they said they needed to go to the rating agencies with this?

Thanks.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: Whitfield, Tobias P. (MOF)
To: Malle Hanslep (MOF); Ken Kandeepan
Cc: Anna Strathy; Gadi Mayman; Mike Manning; Ronald Kwan; Anthony Reiss (MGS)
Subject: RE: Term Sheet
Date: Wednesday, September 13, 2017 11:18:29 AM

Malle and I have discussed the wording and we think that the below wording more clearly sets out the scope of the Ministers' authority to enter into the agreement, but also to negotiate the terms in a way that is consistent with the attached term sheet, but also allowing some scope for amendments.

This is our proposed wording for the first minute, with substantive changes in red:

"Approve the Minister of Finance and Minister of Energy to negotiate a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities generally reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such changes and amendments to those terms and additional terms and conditions that the two ministers acting together may determine at their discretion."

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Hanslep, Malle (MOF)
Sent: September 13, 2017 10:40 AM
To: Kandeepan, Ken (OFA)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
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To: Hanslep, Malle (MOF)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan,

Ronald (OFA)
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Thanks and hope this answers your question.

Ken k

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Sent: Wednesday, September 13, 2017 10:00 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Term Sheet

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Malle

Malle Hanslep
Deputy Director

Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From:	Ken Kandeepan
To:	Tobias P. Whitfield (MOF); Malle Hanslep (MOF)
Cc:	Anna Strathy; Gadi Mayman; Mike Manning; Ronald Kwan; Anthony Reiss (MGS)
Subject:	RE: Term Sheet
Date:	Wednesday, September 13, 2017 12:52:51 PM

Hi Toby/Malle

As discussed given that the submission is heading over to for the signature of the Minister of Energy why don't we wait until we receive the draft note from TBS to make these changes. Note that the minute is actually written by TBS, the submitting ministries simply provide a suggested version. As I mentioned to Toby, any revisions at this point may impose too much of a delay.

Once we receive the draft note from TBS we can make these changes provided of course MOE Legal and TBS Analyst are comfortable.

Thanks

Ken k

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, September 13, 2017 12:39 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>
Subject: RE: Term Sheet

Following further discussions, we have further revised the wording for the TB minute suggestion as below. Also, I have attached a revised term sheet that includes a note regarding changes to the IESO structure, reflecting the additional negotiating point in that respect. The intention is not to provide that note to OPG, but to include it so that if the negotiations lead to that point being included that the approval includes a reference to it in the approved form of term sheet.

"Approve the Minister of Finance and Minister of Energy to negotiate a protection agreement, to be authorized by Order in Council under the *Ontario Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such non-material changes and amendments to those terms and that the two ministers acting together may determine."

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca

Phone: 416-325-1456

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: September 13, 2017 11:20 AM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF)
Cc: Strathy, Anna (OFA); Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Reiss, Anthony (MOF)
Subject: RE: Term Sheet

Is it possible for Malle and you to call me 416-325-9814

Ken k

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, September 13, 2017 11:18 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>
Subject: RE: Term Sheet

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From: Hanslep, Malle (MOF)
Sent: September 13, 2017 10:40 AM
To: Kandeepan, Ken (OFA)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Mayman, Gadi (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA)
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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, September 13, 2017 10:00 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
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Malle Hanslep
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Ministry of the Attorney General
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From:	Hanslep, Malle (MOF)
To:	Gadi Mayman
Cc:	Mike Manning; Ken Kandeepan; Ronald Kwan; Anna Strathy; Tobias P. Whitfield (MOF)
Subject:	RE: UPDATED - Fair Hydro -- Change of Law Agreements
Date:	Monday, November 27, 2017 1:03:05 PM

Hi Gadi,

We just finished our call with Blakes and Energy Legal. There are a number of points that we would like to discuss with you.

If you are still free at 3:30 we could speak to you then?

Thanks.

Malle

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 26, 2017 1:53 PM
To: Hanslep, Malle (MOF)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Thanks, Malle. It looks like they took more of a hatchet than a scalpel to the agreements again, which is unfortunate, but I suppose we should expect that by now.

I don't want to hold this up at all, so please don't let my schedule get in the way of a call if it doesn't match the needs of others. My available times tomorrow are from 11-12, 3:30-4 and 4:30 onwards, but please proceed with the call whenever it best suits everyone else.

Regards,
Gadi

On Nov 26, 2017, at 11:47 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi all,
>
> Please see my email to the provincial legal group after my preliminary review of the mark-ups. There do seem to be a number of points to discuss and I'm sure that Blakes will be able to better identify others. Perhaps an internal provincial call sometime on Monday could be arranged.
>
> Thanks.
>
> Malle
>
> ---
>
> **From:** Hanslep, Malle (MOF)
> **Sent:** November-26-17 11:41 AM
> **To:** ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); VINER, JON

(JON.VINER@blakes.com); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); PRESTAGE, JA (JA.PRESTAGE@blakes.com)
Subject: FW: UPDATED - Fair Hydro -- Change of Law Agreements

Hi all,

I have reviewed the agreements and think there are quite a few issues to discuss as a result of the mark-up. I wonder if it would work best to have a provincial legal call on Monday morning to go over the revised drafts and then have a call with our clients at the OFA and Energy afterwards? Below are some of the issues I have identified on a preliminary basis for discussion. There may be additional issues and perhaps some of these points can be worked through with more detail review.

Protection Agreement

- 2.01 (a)(iv)(B) – does revised wording work – would be good to work through this wording.
- 2.08 – change to wording re continuance of guarantee
- 4.01 – they have added back ability of Province to specifically agree that a particular Approved Obligation is covered – wonder why? And it should be in writing – not sure what our original wording on this point was
- 4.02 (b) – they have changed reference to content of certificate to Indenture Trustee (on behalf of bondholders, etc, other parties secured under trust indenture) to confirm that all certifications required by the Province have been provided instead of OPG confirming that all of its obligations to Province and internal requirements and processes in connection with adherence of Limited Guarantee have been done. This is linked to another major change they have proposed to the Process Agreement – looks like they are reducing OPG's obligations to provide certificates to the Province to mirror those that OPG is providing to the Indenture Trustee. This is a significant point and reduces OPG's obligations under the Process Agreement quite a bit and was not discussed at last Tuesday's meeting.
- 4.02(c) – Why delete in respect of which Adherence Conditions have been satisfied – not sure that concept is picked up elsewhere.
- 6.01 – Assumption is changed to case by case which means the right has to be built into the proposed warehouse and term loan documents now if it is to be available. They also deleted OPG's obligation to make efforts to include this in funding obligations in general from the Process Agreement.
- 6.05 – If the Province did assume on a case by case, then doesn't Province get rights to collateral or atleast part?
- 7.03 – What reps does the Indenture Trustee give in the Master Trust Indenture and Supplementals? If Trustee gives them there, why not here? Perhaps we should require them to get a legal opinion.

- 8.01 – Have not reviewed against previous wording but it looks like the suspension right is being reduced because it is limited to incurrence o amendment of Primary Obligations rather than breach of the Process Agreement more generally.
- 9.01 - Do the comments about the Termination notice make sense?
- Defined Term Approved Obligation Amount, Certified Primary Obligations, and others – needs to be reviewed

Process Agreement

- Have moved delivery of initial financing plan and forecast amount and Province's failure to object to recitals for timing reasons – agree that there are timing logistics that need to be worked out, but the ability of Provincial representatives to take such actions flows from Ministers power to provide the guarantee – Province needs to develop the best way to deal with these timing issues that works with our authorities and rewrite these provisions. This also applies to "Reference Documents" concept.
- 3.01 – OPG has revised so it will only provide a certificate to Province if it is required to provide a certificate under Protection Agreement to Trustee – This is a significant change that Province needs to consider. The reason that we agreed to provide a certificate in more limited circumstances to Indenture Trustee (on behalf of beneficiaries) was to assist dealers on "certainty" issues. The same principle does not apply to the Province and OPG relationship which is a separate process.
- 3.02 – Not sure what OPG is proposing here.
- 6.05 – delete obligation on OPG to cause Financing Entity to use commercially reasonable efforts to include assignment provisions in funding obligations – why?
- 7.01 – deleted suspension right in process agreement on basis that it is now in protection agreement but it is more limited.

Please let me know what time would work for you on Monday morning. I am going to pass on this email to OFA staff as well so they get a preliminary sense of the mark-up.

Thanks.

Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad,

Nicole; Persaud, Donnie - Debt Capital Markets; Hume, Steen (ENERGY); Mansoori, Nina
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>;

Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com [mailto:bwood@torys.com] **On Behalf Of** Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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———————————————

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
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<-CLPA - Process Agreement(November 22_17).pdf>

<Blackline_ProtectionAgreement.pdf>

<CLPA - Protection Agreement.docx>

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From:	Hanslep, Malle (MOF)
To:	Gadi Mayman
Cc:	Mike Manning; Ken Kandeepan; Ronald Kwan; Anna Strathy; Tobias P. Whitfield (MOF)
Subject:	RE: UPDATED - Fair Hydro -- Change of Law Agreements
Date:	Monday, November 27, 2017 9:35:11 AM

Hi Gadi,

We are having an 11 call with Energy Legal and Blakes, after which we should be able to see what the main issues here are. Blakes has done comments on the Torys version for review.

Malle

From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
Sent: November 26, 2017 1:53 PM
To: Hanslep, Malle (MOF)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Thanks, Malle. It looks like they took more of a hatchet than a scalpel to the agreements again, which is unfortunate, but I suppose we should expect that by now.

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Gadi

On Nov 26, 2017, at 11:47 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi all,
>
> Please see my email to the provincial legal group after my preliminary review of the mark-ups. There do seem to be a number of points to discuss and I'm sure that Blakes will be able to better identify others. Perhaps an internal provincial call sometime on Monday could be arranged.
>
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>
> Malle
>
> ---
>
> **From:** Hanslep, Malle (MOF)
> **Sent:** November-26-17 11:41 AM
> **To:** ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); VINER, JON (JON.VINER@blakes.com); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); PRESTAGE, JA (JA.PRESTAGE@blakes.com)
> **Subject:** FW: UPDATED - Fair Hydro -- Change of Law Agreements

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I have reviewed the agreements and think there are quite a few issues to discuss as a result of the mark-up. I wonder if it would work best to have a provincial legal call on Monday morning to go over the revised drafts and then have a call with our clients at the OFA and Energy afterwards? Below are some of the issues I have identified on a preliminary basis for discussion. There may be additional issues and perhaps some of these points can be worked through with more detail review.

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Please let me know what time would work for you on Monday morning. I am going to pass on this email to OFA staff as well so they get a preliminary sense of the mark-up.

Thanks.

Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Hume, Steen (ENERGY); Mansoori, Nina
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

<imagecdbedf.JPG>[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Steen Hume (CAB)

<Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you.
Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com [mailto:bwood@torys.com] **On Behalf Of** Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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<-CLPA - Process Agreement(November 22_17).pdf>

<Blackline_ProtectionAgreement.pdf>

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From:	Hanslep, Malle (MOF)
To:	Anna Strathy; Gadi Mayman
Cc:	Mike Manning; Ken Kandeepan; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject:	RE: UPDATED - Fair Hydro -- Change of Law Agreements
Date:	Monday, November 27, 2017 1:48:21 PM

Yes please.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 27, 2017 1:48 PM
To: Mayman, Gadi (OFA)
Cc: Hanslep, Malle (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Malle, would you like me to set this meeting up?

Anna

--
Anna Strathy
Special Policy Advisor to the CEO
Ontario Financing Authority
416.325.8032

On Nov 27, 2017, at 1:24 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Yes, thanks, Malle, that timing works for me.
>
> Regards,
> Gadi
>
> On Nov 27, 2017, at 1:03 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>
> > Hi Gadi,
> >
> > We just finished our call with Blakes and Energy Legal. There are a number of points that we would like to discuss with you.
> >
> > If you are still free at 3:30 we could speak to you then?
> >
> > Thanks.
> >
> > Malle
> >
> > **From:** Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
> > **Sent:** November 26, 2017 1:53 PM
> > **To:** Hanslep, Malle (MOF)
> > **Cc:** Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
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To: 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May - TREASURY; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Hume, Steen (ENERGY); Mansoori, Nina
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Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

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Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken - TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet - TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May - TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys

circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com [mailto:bwood@torys.com] **On Behalf Of** Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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———————————

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
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<-CLPA - Process Agreement(November 22_17).pdf>

<Blackline_ProtectionAgreement.pdf>

<CLPA - Protection Agreement.docx>

<-CLPA - Process Agreement(November 22_17).docx>

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From:	Hanslep, Malle (MOF)
To:	Mike Manning; stephen.ashbourne@blakes.com; Tobias P. Whitfield (MOF)
Cc:	Ken Kandeepan; Anna Strathy; Ronald Kwan
Subject:	RE: US Dollar Debt
Date:	Tuesday, November 14, 2017 5:22:25 PM

Thanks Mike, Perhaps we can build this into the Process Agreement in some way – we could put it as a note if it's not easy to do quickly.

From: Mike Manning [mailto:Mike.Manning@ofina.on.ca]
Sent: November 14, 2017 3:36 PM
To: stephen.ashbourne@blakes.com; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)
Subject: US Dollar Debt

Not sure if this helps at this stage, but OPG happy to say protection agreement applies to Canadian dollar issuance only. They appreciate that US dollar issuance would be a different kind of animal.

Regards, Mike

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From:	Anna Strathy
To:	Malle Hanslep (MOF); Ken Kandeepan
Cc:	Ronald Kwan; Gadi Mayman; Usman Zahid; Tobias P. Whitfield (MOF); Mike Manning
Subject:	RE: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Date:	Tuesday, November 21, 2017 9:55:30 AM

Thanks very much, Malle. How about this?

- The Province is continuing to negotiate the terms of the Change of Law Protection Agreement and related Process Agreement with OPG and the dealers.
- A number of new points and proposed revisions have been raised by OPG and the dealers this morning on the draft that the Province sent last Friday Nov 17.
- The Province and OPG are looking to resolve as many outstanding issues as possible before OPG's Board reviews the Agreements tomorrow morning.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 9:49 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP

Hi Anna,

I am not sure what should be included about current status in terms of the response we received from Torys/OPG today setting out a new proposal and the ability to resolve those issues before OPG's board meeting tomorrow. Although yesterday at noon it seemed that we were not too far away from finalization, a number of new points and proposed revisions have been raised by OPG and the dealers on the draft that the Province sent last Friday Nov 17th. .

The Province is continuing to negotiate the terms of the Change of Law Protection Agreement and related Process Agreement with OPG and the dealers.

Malle

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 21, 2017 9:36 AM
To: Kandeepan, Ken (OFA); Hanslep, Malle (MOF)
Cc: Kwan, Ronald (OFA); Mayman, Gadi (OFA); Zahid, Usman (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA)
Subject: FW: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Importance: High

Hi Ken, Malle,

CO is asking for a few bullets on the status of the provincial guarantee and any issues/concerns – for their internal briefing purposes only. **Request is for 10am.**

Could you please provide a few bullets on the status and issues?

Thanks, Anna

From: Tekle, Jonathan (MOF) [mailto:Jonathan.Tekle@ontario.ca]
Sent: Tuesday, November 21, 2017 9:29 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: David McLean (MOF) <David.McLean@ontario.ca>
Subject: FW: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Importance: High

Hi Anna,

Can you flag this for Gadi and legal? We need to pull together a few bullets for CO on status\issues.

See below. Please let me know if there are any issues.

Thanks,
Jonathan

From: Tekle, Jonathan (MOF)
Sent: November 21, 2017 9:27 AM
To: Johnson, Maureen (CAB)
Cc: McLean, David (MOF); Rankin, Christine (CAB)
Subject: RE: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP

Hi Maureen,

Welcome! I just need to circle back with OFA and Legal as there have been on-going conversations daily on this. Will send asap.

Looking forward to working with you as well. We'll have to find time for a coffee when you're all settled.

Cheers,
Jonathan

From: Johnson, Maureen (CAB)
Sent: November 21, 2017 9:18 AM
To: Tekle, Jonathan (MOF)
Cc: McLean, David (MOF); Rankin, Christine (CAB)
Subject: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Importance: High

Hi Jonathan,

I'm the new CO advisor for MOF (everything except cannabis). Looking forward to working with you.

Would it be possible to get a brief status update on the Provincial Guarantee Agreement related to Ontario's Fair Hydro Plan by 10 am? A few bullets on current status and any issues or concerns would be appreciated.

Thank you,
Maureen

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From:	Hanslep, Malle (MOF)
To:	Anna Strathy; Ken Kandeepan
Cc:	Ronald Kwan; Gadi Mayman; Usman Zahid; Tobias P. Whitfield (MOF); Mike Manning
Subject:	RE: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Date:	Tuesday, November 21, 2017 9:48:46 AM

Hi Anna,

I am not sure what should be included about current status in terms of the response we received from Torys/OPG today setting out a new proposal and the ability to resolve those issues before OPG's board meeting tomorrow. Although yesterday at noon it seemed that we were not too far away from finalization, a number of new points and proposed revisions have been raised by OPG and the dealers on the draft that the Province sent last Friday Nov 17th. .

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Malle

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 21, 2017 9:36 AM
To: Kandeepan, Ken (OFA); Hanslep, Malle (MOF)
Cc: Kwan, Ronald (OFA); Mayman, Gadi (OFA); Zahid, Usman (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA)
Subject: FW: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Importance: High

Hi Ken, Malle,

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Could you please provide a few bullets on the status and issues?

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Sent: Tuesday, November 21, 2017 9:29 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: David McLean (MOF) <David.McLean@ontario.ca>
Subject: FW: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Importance: High

Hi Anna,

Can you flag this for Gadi and legal? We need to pull together a few bullets for CO on status\issues.

See below. Please let me know if there are any issues.

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Cc: McLean, David (MOF); Rankin, Christine (CAB)
Subject: RE: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP

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From:	Hanslep, Malle (MOF)
To:	Anna Strathy; Ken Kandeepan
Cc:	Ronald Kwan; Gadi Mayman; Usman Zahid; Tobias P. Whitfield (MOF); Mike Manning
Subject:	RE: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Date:	Tuesday, November 21, 2017 9:56:37 AM

This is ok from my perspective – just want to ensure others agree as well.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 21, 2017 9:55 AM
To: Hanslep, Malle (MOF); Kandeepan, Ken (OFA)
Cc: Kwan, Ronald (OFA); Mayman, Gadi (OFA); Zahid, Usman (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA)
Subject: RE: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP

Thanks very much, Malle. How about this?

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To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
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Malle

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 21, 2017 9:36 AM
To: Kandeepan, Ken (OFA); Hanslep, Malle (MOF)

Cc: Kwan, Ronald (OFA); Mayman, Gadi (OFA); Zahid, Usman (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA)
Subject: FW: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Importance: High

Hi Ken, Malle,

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From:	Ken Kandeepan
To:	LEE John -TREASURY
Cc:	WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Mike Manning; Tobias P. Whitfield (MOF); Anna Strathy; Thouin, Alena (ENERGY); Malle Hanslep (MOF); David McLean (MOF); Anna Strathy; Jonathan Tekle (CAB); Ronald Kwan; Steen Hume (CAB); Tim Christie (ENERGY)
Subject:	RE: Waiver Process
Date:	Thursday, January 04, 2018 9:36:09 AM

Hi John

I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:

Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.

Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.

With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.

Thanks

Ken k

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, January 03, 2018 8:45 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>
Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: Re: Waiver Process

It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?
Thanks

Malle
Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Ken Kandeepan
Sent: Wednesday, January 3, 2018 20:04
To: LEE John -TREASURY
Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Re: Waiver Process

Thanks, didn't realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.

I am cc'ing our legal counsel to see if they have any suggestions.

Ken k

On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:

Ken:

Given the importance of the Protection agreement and the desire to follow it to the "letter" ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.

Please advise.

John

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: Wednesday, January 03, 2018 5:38 PM
To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
From: Ramchandani, Rima
Sent: January-03-18 5:32 PM
To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.

Rima

Rima Ramchandani

P. 416.865.7666

From: LEE John -TREASURY [mailto:john.s.lee@opg.com]
Sent: January-03-18 5:24 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>
Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
Subject: RE: EXTERNAL – RE: Diligence Questions

I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.

John

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From: Ken Kandeepan
To: Ronald Kwan
Subject: RE: Waiver Process
Date: Thursday, January 04, 2018 11:48:45 AM

Sorry Ron, didn't mean to exclude you, just wasn't sure you would interested in the legal and market documentation supporting the first term deal of the Trust. Note that according to the Process Agreement our response should be confined to pointing out any material discrepancies as defined in the Definitions section of the agreement. If there is none, no response is required from the Province.

Thanks

Ken k

-----Original Message-----
From: Ronald Kwan
Sent: Thursday, January 04, 2018 10:18 AM
To: John LEE <john.s.lee@opg.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Re: Waiver Process

Hi John,

Please cc me on the email as well.

Thanks,
Ron

> On Jan 4, 2018, at 9:36 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
>
> Hi John
>
> I spoke to our DM's office and Scott's email is Scott.Thompson@ontario.ca, As required by the Process Agreement between the Province and OPG, pls forward the documents pertaining to the upcoming term deal by email to Scott with a cc to the following:
>
> Gadi Mayman, Anna Strathy, David McLean (cc'ed above), Jonathan Tekle (also cc'ed above), Mike and myself.
>
> Given that the Process Agreement requires OPG to also provide the same documents to MOE, I am cc'ing Steen and Tim so that they can inform their DM's Office as well.
>
> With regard to the waiver, pls see Malle's comments below, it would also be useful if OPG were to provide a rationale as to why waiving the 10 business days requirement which may allow for term debt issuance in mid-January by the Trust is more beneficial than issuance either later in the same month or early February.
>
> Thanks
>
> Ken k
>
>
> -----Original Message-----
> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> Sent: Wednesday, January 03, 2018 8:45 PM
> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>

> Cc: WONG Leslie -LAWDIV <leslie.wong@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
> Subject: Re: Waiver Process
>
> It would be very helpful if OPG and Torys could provide to us a timetable and schedule for delivery of reference documents that are being prepared and when do we expect to get them and when is the proposed issuance. On that basis we can review the timing and determine whether a waiver will be necessary and if it is how it might be processed. Unfortunately we haven't received any updates or draft documents since the closing of the warehouse deal. Also is there a plan for distributing to the Province the documents from the warehouse closing?
> Thanks
>
> Malle
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: Ken Kandeepan
> Sent: Wednesday, January 3, 2018 20:04
> To: LEE John -TREASURY
> Cc: WONG Leslie -LAWDIV; LADAK Lubna -TREASURY; LAURETA LAPIRA May -TREASURY; RYFA Ken -TREASURY; Manning, Mike (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
> Subject: Re: Waiver Process
>
>
> Thanks, didn’t realize that all waivers have to be signed by the respective ministers, which as you know is difficult on an operational basis.
>
> I am cc’ing our legal counsel to see if they have any suggestions.
>
> Ken k
>
> On Jan 3, 2018, at 5:57 PM, LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>> wrote:
>
> Ken:
>
> Given the importance of the Protection agreement and the desire to follow it to the “letter” ……see Torys comments below. Have you made provisions on the Province side to operationalize the delegation of waivers and amendments to facilitate the request. If not then the debt issuance date will get pushed out by the full 10 days.
>
> Please advise.
>
> John
>
>
>
> From: Ramchandani, Rima [mailto:rramchandani@torys.com]
> Sent: Wednesday, January 03, 2018 5:38 PM
> To: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
> Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
> Subject: RE: EXTERNAL – RE: Diligence Questions

>
> I should add that the waiver of the 10 BD requirement needs to be executed in writing by the Province (which means we will need signatures from each Minister). Will that be achievable? If not, perhaps we can proceed on the basis of an email waiver with the waiver signed by the Ministers to follow as soon as possible. Sorry but it is going to be a pain in the butt navigating through this agreement … hopefully the Province will realize that and agree to make some amendments!
>
> Rima
>
> Rima Ramchandani
>
> P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
> From: Ramchandani, Rima
> Sent: January-03-18 5:32 PM
> To: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>
> Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
> Subject: RE: EXTERNAL – RE: Diligence Questions
>
> OK. I assume the DM of Finance will sign off on behalf of the Minister of Finance. But what about the Minister of Energy? The agreement requires notices to both Ministers on behalf of the Province and I recall on the warehouse closing, we had to wait for a representative from each Ministry to sign off.
>
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> Cc: Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; GO Matthew -TREASURY <matthew.go@opg.com<mailto:matthew.go@opg.com>>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>
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>
> I was speaking to Ken Kandeepan on the process this afternoon and he indicated to me that we should send the documents and the waiver request to the Deputy Minister of Finance with a cc. Gadi. Ken was going to send along the contact info for the DM of Finance and also alert their Office of the inbound email so they would not be surprised.
>
>
> John
>
>
> _____
>

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>
> _____
>
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From: John Kim
To: Ronald Kwan
Subject: Re: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx
Date: Tuesday, November 28, 2017 1:18:21 PM

Hi Ron,

To require a s.28 approval while an OIC exists to authorize the Ministers to sign the agreements seems a bit redundant to me but this is coming from MOF Legal???

John

Sent from my iPad

On Nov 28, 2017, at 12:47 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi John,
>
> Comments? Note the s.28 point.
>
> Ron
>
> ---
>
> **From:** Anna Strathy
> **Sent:** November-28-17 11:57
> **To:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** RE: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx
>
> Gadi, I hope you don't mind, but I went ahead and sent to OPCD/Energy in the interest of time. We still have an opportunity to remove the accounting/risk slides if you think it necessary.
>
> By way of this email, I'd like to also ask Ken, Mike and Ron to review the attached and let me know if they have any edits/comments. The red text is Malle's edits.
>
> Thanks, Anna
>
> ---
>
> **From:** Anna Strathy
> **Sent:** Tuesday, November 28, 2017 11:33 AM
> **To:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
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> Hi Gadi,

Attached is a draft deck prepared by Blakes/MOF legal to be used at the Ministers' briefing tomorrow at noon. I'm about to send this around to OPCD and Energy for input, but Malle has raised two points:

<!--[if !supportLists]-->• <!--[endif]-->Consider deleting the accounting considerations slide?

<!--[if !supportLists]-->o <!--[endif]-->I'd like to recommend leaving the inclusion/exclusion to OPCD to decide

<!--[if !supportLists]-->• <!--[endif]-->Consider deleting the risks slide since OPG will be in the room

<!--[if !supportLists]-->o <!--[endif]-->I'd like to recommend Energy provide additional input on the risks slide (10) to incorporate risks both the Province's and OPG's perspectives – rather than removing it altogether.

If you're ok with my recommendations above, I'll proceed.

Anna

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 28, 2017 11:28 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

Hi Anna,

I made a few small changes to this in red. I think you could circulate this version to others at OFA. I would suggest deleting the last 2 pages Accounting and Risks subject to views of OFA and others. Certainly Accounting page is dependent on OPCD and whether we are including anything in this briefing so suggest delete. Risks page also doesn't seem appropriate for a briefing where OPG attends. However, maybe part of this page could be retained but this is subject to Gadi's and others views.

Should we discuss at some point?

I am going to send this version to Alena (Energy Legal) and Blakes as well to show them what changes have been made but think Energy and OFA should discuss inclusion of Accounting and Risks.

Thanks.

Malle

<23254960-v4-Province Limited Guarantee - Briefing Deck.pptx>

From: John Kim
To: Ronald Kwan
Subject: Re: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx
Date: Tuesday, November 28, 2017 1:39:22 PM

Hi Ron,

I didn't think we were involved in the obtaining of the OIC?

John

Sent from my iPhone

On Nov 28, 2017, at 1:24 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi John,
>
> Where did we leave the s.28 conversation when the OIC was obtained?
>
> Ron
>
> ---
>
> **From:** John Kim
> **Sent:** November-28-17 13:18
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** Re: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx
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> > **To:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>

Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
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Sent: Tuesday, November 28, 2017 11:28 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: 23254960-v4-Province Limited Guarantee - Briefing Deck.pptx

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Thanks.

Malle

<23254960-v4-Province Limited Guarantee - Briefing Deck.pptx>

From: John Kim
To: Ronald Kwan
Subject: Re: Adherence Process for Change of Law Protection Agreement | OFA, OPCD, MOF, Legal Counsel
Date: Thursday, October 12, 2017 3:16:06 PM

Yes, I am here.

On Oct 12, 2017, at 2:53 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi,
>
> I assume you are attending.
>
> Ron
>
> **Adherence Process for Change of Law Protection Agreement | OFA, OPCD, MOF, Legal Counsel**
> Scheduled: Thursday, Oct 12, 2017 from 3:00 PM to 3:45 PM
> Location: Executive Boardroom, 14th Floor, 1 Dundas Street OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656
> Invitees: John Psinas, Cengarle, John (MOF), Carlos Yep, John Kim, Tobias P. Whitfield (MOF), Veinot, Cindy (TBS), Thouin, Alena (ENERGY), Malle Hanslep (MOF), Ken Kandeepan, Mike Manning, James Devine, Scott Nelms (ENERGY), 'stephen.ashbourne@blakes.com', Keley Katona (ENERGY), Mark Donaldson (MOF), Tom McKinlay (MAG), Gadi Mayman, Anna Strathy, Anis Hirani, Hresa Gavaris, Usman Zahid

From:	Ronald Kwan
To:	Usman Zahid
Subject:	Re: Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements
Date:	Tuesday, November 21, 2017 11:01:30 AM

Hi Usman,

Please print the four documents for me, in colour and stapled.

I'l be returning for the 11:30 meeting.

Anyone in SPFB who might want to go to the rest of the APPRO conference?

Thanks,
Ron

On Nov 21, 2017, at 9:17 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Please find attached mark-ups sent to us for our review by Blakes this morning.
>
> **From:** ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
> **Sent:** November 21, 2017 8:57 AM
> **To:** Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
> **Cc:** VINER, JON; PRESTAGE, JA
> **Subject:** Blakes comments on Torys/Osler 11/20 mark-ups of the Protection and Process Agreements
>
> Hi. Here are my comments on the mark-ups forwarded to us by Torys yesterday afternoon. These blacklines show changes from the Torys/Osler 11/20 versions. I have colour coded the open items (gray points require client input; yellow are items for discussion/resolution among the lawyers). I suggest that we meet with the MOE and OFA clients this morning if possible to try to sort out these remaining issues – assuming that OPG needs these matters resolved before submitting the agreements to its Board tomorrow morning. Regards, Steve
>
> Stephen R. Ashbourne
> Partner
> stephen.ashbourne@blakes.com
> Dir: 416-863-3086
>
> ———————————
>
> <imagef7bd10.GIF>
>
> **Blake, Cassels & Graydon LLP**
> 199 Bay Street, Suite 4000, Toronto ON M5L 1A9
> Tel: 416-863-2400 Fax: 416-863-2653
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<23239360-v17-CLPA - Protection Agreement.DOCX>

<23239360-vpdf-CLPA - Protection Agreement.PDF>

<23239361-v14-CLPA - Process Agreement.DOCX>

<23239361-vpdf-CLPA - Process Agreement.PDF>

From: Ronald.Kwan@ofina.on.ca
To: Jonathan Tekle (CAB)
Cc: Usman Zahid
Subject: Re: Cabinet today - TB\MBC Report In
Date: Wednesday, September 27, 2017 11:03:15 AM

Hi Jonathan,

Okay. That's fine.

Ron

On Sep 27, 2017, at 11:01 AM, Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca> wrote:

> Hi Ron,
>
> I've just been informed that they will be profiling the Provincial Protection Agreement item as part of the TB\MBC report in at cabinet today. I've mentioned this to Scott N's office already, but think you should be there as well.
>
> The Report in is scheduled to start at 2:15 pm in the Council Chamber so you should aim to be there for 2:00 pm. We can cut our MO bi-weekly short in order for you to be there on time.
>
> The Chair – Minister Sandals will be providing remarks but may turn to Scott or yourself if there are any questions.
>
> Please let me know if you have any questions.
>
> Cheers,
> Jonathan

From: Ronald Kwan
To: Jonathan Tekle (CAB)
Cc: Usman Zahid
Subject: Re: Cabinet today - TB\MBC Report In
Date: Wednesday, September 27, 2017 11:04:26 AM

Hi Jonathan,

Okay. That's fine. Do we have a copy of what has been provided to Cabinet on this?

Ron

Ron

On Sep 27, 2017, at 11:01 AM, Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca> wrote:

> Hi Ron,
>
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> The Chair – Minister Sandals will be providing remarks but may turn to Scott or yourself if there are any questions.
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> Please let me know if you have any questions.
>
> Cheers,
> Jonathan

From: Ken Kandeepan
To: Anna Strathy
Cc: Ronald Kwan; Mike Manning
Subject: Re: Call this morning
Date: Friday, November 17, 2017 11:11:29 AM

Hi Anna

I am in transit so won't be able to make the call, hopefully Ron and Mike will be there.

Thanks

Ken k

On Nov 17, 2017, at 11:03 AM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:

> For 11am
>
> ---
>
> **From:** ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
> **Sent:** Friday, November 17, 2017 10:56 AM
> **To:** Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
> **Cc:** Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject:** RE: Call this morning
>
> In case it's useful, I attach my mark-up of the Protection Agreement (so far), for your interim consideration. Steve
>
> Stephen R. Ashbourne
> Partner
> stephen.ashbourne@blakes.com
> Dir: 416-863-3086
>
> <image93017e.GIF>
>
> **Blake, Cassels & Graydon LLP**
> 199 Bay Street, Suite 4000, Toronto ON M5L 1A9
> Tel: 416-863-2400 Fax: 416-863-2653
> **blakes.com**[blakes.com] **| Twitter**[twitter.com] **| Unsubscribe**[blakes.com]
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>
> ---
>
> **From:** ASHBOURNE, STEPHEN
> **Sent:** Friday, November 17, 2017 10:50 AM

To: 'Hanslep, Malle (MOF)'
Cc: Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: RE: Call this morning

Malle, I can talk at 11 if that still works for others. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, November 17, 2017 9:55 AM
To: ASHBOURNE, STEPHEN
Cc: Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); Whitfield, Tobias P. (MOF); Strathy, Anna (OFA)
Subject: Call this morning

Hi Steve,

We would like to have a call with you this morning to discuss the implications of the alternative option that was discussed yesterday and what OPG's response so far has been. I relayed to Ken, Mike and others the fact that s. 11.01 of the Trust Indenture provides for amendments to be made without consent of specified creditors and that this is one of the reasons why OPG's proposal to put Province in the category of specified creditor alone would not result in the Province getting notice of all amendments from the Indenture Trustee. I think it would be helpful to have a discussion to go over all of the related issues.

Perhaps about 11 would be a good time – would that work for you?

Also, we are reviewing the revised versions of the agreements and as relayed last evening I have questions about the new wording under limited guarantee among other points so not sure when we will review that as well.

Thanks.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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<23239360-v14-CLPA - Protection Agreement.DOCX>

<23239360-vpdf-CLPA - Protection Agreement.PDF>

From: Ken Kandeepan
To: Anna Strathy
Cc: Ronald Kwan; Mike Manning
Subject: Re: Call this morning
Date: Friday, November 17, 2017 11:20:52 AM

Anna

I guess it's too late but be useful to have included Cindy/Mark

Thanks

Ken k

On Nov 17, 2017, at 11:03 AM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:

> For 11am
>
> ---
>
> **From:** ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
> **Sent:** Friday, November 17, 2017 10:56 AM
> **To:** Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
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Subject: RE: Call this morning

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Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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To: ASHBOURNE, STEPHEN
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Subject: Call this morning

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Thanks.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
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<23239360-v14-CLPA - Protection Agreement.DOCX>

<23239360-vpdf-CLPA - Protection Agreement.PDF>

From:	Gadi Mayman
To:	Malle Hanslep (MOF)
Cc:	Ken Kandeepan; Mike Manning; Ronald Kwan; Tobias P. Whitfield (MOF); Michael Waterston (MOF); Anna Strathy
Subject:	Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Tuesday, November 21, 2017 8:12:47 AM

As I may not be able to join the call this morning, I thought I'd share my view: if this truly is an issue for marketing the bonds to investors, it would be significant from their perspective. Mike and I don't yet understand why it would be, so it is up to the underwriters, or their counsel, to provide us with a written, not oral, explanation as to why it would be. If they are not prepared to put their reasons in a short, plain English, form, I'm not prepared to accept their request.

Gadi

On Nov 21, 2017, at 8:04 AM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Energy (both policy and legal) staff and OPCD should be on any call to discuss this, as well.
>
> Thanks,
> Gadi
>
> On Nov 21, 2017, at 8:00 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>
> > I think that it would be useful to discuss next steps here given Torys email below. According to Torys some of this reflects discussions they had with dealers counsel on the weekend and contacted me to have call to give more context. However I would like to discuss this with you as this seems to be quite a significant change to what we were discussing on Monday and our most recent draft. If we have a call maybe it should be the whole group and include Blakes.
> >
> > Malle
> >
> > Sent from my BlackBerry 10 smartphone on the Rogers network.
> > From: Mansoori, Nina <nmansoori@torys.com>
> > Sent: Monday, November 20, 2017 14:06
> > To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY)
> > Cc: 'dup-john.s.lee@opg.com'; 'leslie.wong@opg.com'; 'sheen.liu@opg.com'; 'tyler.mcauley@opg.com'; 'clara.greco@opg.com'; 'matthew.go@opg.com'; 'anthea.yao@opg.com'; 'jenny.jorda@opg.com';

'stuart.preston@opg.com'; 'john.drewniak@opg.com'; 'j.hahnparker@opg.com'; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Hunter, Rosalind; 'Alvi, Shariq'; Innes, Michael; 'Stoddart, Jesse - Debt Capital Markets'; 'Rix, Lindsey - Legal'; 'Hume, Tyler'; 'Daou, Hadi'; 'Persad, Nicole'; Olusoga, Yinka; Saulnier, Brett; 'mfitzpatrick@hunton.com'; 'aobrian@hunton.com'; Watson, Gwen; Johnson, Richard; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; 'Adalja, Sunil'; 'Persaud, Donnie - Debt Capital Markets'; Sebastiano, Rocco; 'Maciel, Andrew'; 'Benaiah, Ian'; 'Khan, Nur'; "Niehaus, Katrina' (Katrina.Niehaus@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'; 'Conner, Robbin'; 'Milligan, Peter'; Sebastiano, Rocco; Fullerton, Rick; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett; Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

All – please find attached consolidated comments on the Process Agreement and the Protection Agreement blacklined to the drafts circulated by Blakes on Friday. We understand that the current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Accordingly, the dealers and OPG would like to discuss with the Province the possibility of moving the adherence conditions to the Process Agreement while preserving the Province's oversight of its obligations under the Protection Agreement. We will provide a proposal on that basis to discuss with the Province. Please note that the attached remains subject to the comments of the working group and the rating agencies.

Best Regards,
Nina
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada |
www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >

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<Blackline_ProtectionAgreement.pdf>

<Blackline_ProcessAgreement.pdf>

<CLPA - Protection Agreement (COMMENTS).docx>

<CLPA - Process Agreement (COMMENTS).docx>

From:	Gadi Mayman
To:	Malle Hanslep (MOF)
Cc:	Ken Kandeepan; Mike Manning; Ronald Kwan; Tobias P. Whitfield (MOF); Michael Waterston (MOF); Anna Strathy
Subject:	Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Tuesday, November 21, 2017 8:04:23 AM

Energy (both policy and legal) staff and OPCD should be on any call to discuss this, as well.

Thanks,
Gadi

On Nov 21, 2017, at 8:00 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

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>
> Malle
>
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> From: Mansoori, Nina <nmansoori@torys.com>
> Sent: Monday, November 20, 2017 14:06
> To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY)
> Cc: 'dup-john.s.lee@opg.com'; 'leslie.wong@opg.com'; 'sheen.liu@opg.com'; 'tyler.mcauley@opg.com'; 'clara.greco@opg.com'; 'matthew.go@opg.com'; 'anthea.yao@opg.com'; 'jenny.jorda@opg.com'; 'stuart.preston@opg.com'; 'john.drewniak@opg.com'; 'j.hahnparker@opg.com'; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Hunter, Rosalind; 'Alvi, Shariq'; Innes, Michael; 'Stoddart, Jesse - Debt Capital Markets'; 'Rix, Lindsey - Legal'; 'Hume, Tyler'; 'Daou, Hadi'; 'Persad, Nicole'; Olusoga, Yinka; Saulnier, Brett; 'mfitzpatrick@hunton.com'; 'aobrian@hunton.com'; Watson, Gwen; Johnson, Richard; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; 'Adalja, Sunil'; 'Persaud, Donnie - Debt Capital Markets'; Sebastiano, Rocco; 'Maciel, Andrew'; 'Benaiah, Ian'; 'Khan, Nur'; "Niehaus, Katrina' (Katrina.Niehaus@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'; 'Conner, Robbin'; 'Milligan, Peter'; Sebastiano, Rocco; Fullerton, Rick; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett; Mansoori, Nina
> Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
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Best Regards,

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79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada |
www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >

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<Blackline_ProcessAgreement.pdf>

<CLPA - Protection Agreement (COMMENTS).docx>

<CLPA - Process Agreement (COMMENTS).docx>

From: Ronald Kwan
To: Mike Manning
Cc: Ken Kandeepan; Gadi Mayman
Subject: Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date: Monday, November 20, 2017 11:22:46 PM

Thanks Mike. I hope it is resolvable. I recall that last week that our lawyers had strong views on what should be in the protection agreement and the nature of the relationship and interactions between the two agreements.

Ron

On Nov 20, 2017, at 10:05 PM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:

> Good question: at the end of the day the lawyers had agreed to attempt to work out the drafting issues and hopefully land on a solution tomorrow. Our lawyers want to stick to the substantive issues in the November 17 (Friday version) of the agreements that we were comfortable with. OPG indicated at the end of the day that the differences in today's version were meant to be of the win-win variety and be to our benefit. Obviously some lawyer to lawyer discussion required. Hoping that these drafting issues get resolved tomorrow morning without more business intervention. So we don't have a clear resolution right now, and may have to get involved tomorrow, but John Lee was hopeful that wouldn't be required. Obviously will keep you in the loop as it evolves tomorrow.
> Regards, Mike
>
> On Nov 20, 2017, at 7:35 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
>
> > Hi Mike,
> >
> > Has this been resolved, or a position taken?
> >
> > Thanks,
> > Ron
> >
> > On Nov 20, 2017, at 2:31 PM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:
> >
> > > Looking & talking to lawyers, could be a problem. Will get back.
> > > Mike
> > >
> > > ---
> > >
> > > **From:** Gadi Mayman
> > > **Sent:** Monday, November 20, 2017 2:16 PM
> > > **To:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>

Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fwd: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

Is this a small ask, or does it undermine the progress that we'd thought we'd made when we met at noon?

Gadi

Begin forwarded message:

> **From:** "Mansoori, Nina" <nmansoori@torys.com>
> **Date:** November 20, 2017 at 2:05:34 PM EST
> **To:** "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>, "Cayley, Daniel (ENERGY)" <Daniel.Cayley@ontario.ca>
> **Cc:** "'dup-john.s.lee@opg.com'" <john.s.lee@opg.com>, "'leslie.wong@opg.com'" <leslie.wong@opg.com>, "'sheen.liu@opg.com'" <sheen.liu@opg.com>, "'tyler.mcauley@opg.com'" <tyler.mcauley@opg.com>, "'clara.greco@opg.com'" <clara.greco@opg.com>, "'matthew.go@opg.com'" <matthew.go@opg.com>, "'anthea.yao@opg.com'" <anthea.yao@opg.com>,

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<jenny.jorda@opg.com>,
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"'john.drewniak@opg.com'"
<john.drewniak@opg.com>,
"'j.hahnparker@opg.com'"
<j.hahnparker@opg.com>, "Feldman, Michael"
<mfeldman@torys.com>, "Ramchandani, Rima"
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<RHunter@osler.com>, "'Alvi, Shariq'"
<Shariq.Alvi@cibc.com>, "Innes, Michael"
<MInnes@osler.com>, "'Stoddart, Jesse - Debt
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"'Rix, Lindsey - Legal'" <Lindsey.Rix@cibc.com>,
"'Hume, Tyler'" <Tyler.Hume@cibc.com>,
"'Daou, Hadi'" <Hadi.Daou@cibc.com>,
"'Persad, Nicole'" <Nicole.Persad@cibc.com>,
"Olusoga, Yinka" <yolusoga@torys.com>,
"Saulnier, Brett" <bsaulnier@torys.com>,
"'mfitzpatrick@hunton.com'"
<mfitzpatrick@hunton.com>,
"'aobrian@hunton.com'"
<aobrian@hunton.com>, "Watson, Gwen"
<gwatson@torys.com>, "Johnson, Richard"
<rjohnson@torys.com>, "Smith, Elliot"
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<rking@osler.com>, "Royer, Kate"
<KRoyer@osler.com>, "Hughes, Timothy"
<THughes@osler.com>, "'Adalja, Sunil'"
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"'Benaiah, Ian'" <ian.benaiah@rbccm.com>,
"'Khan, Nur'" <nur.khan@rbccm.com>,
"'Niehaus, Katrina' (Katrina.Niehaus@gs.com)'"
<Katrina.Niehaus@gs.com>, "'Delaney, Brian
(Brian.Delaney@gs.com)'"
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<Robbin.Conner@gs.com>, "'Milligan, Peter'"
<PMilligan@osler.com>, "Sebastiano, Rocco"
<RSebastiano@osler.com>, "Fullerton, Rick"

<RFullerton@osler.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Emes, Aaron" <aemes@torys.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "Mansoori, Nina" <nmansoori@torys.com>

Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

All – please find attached consolidated comments on the Process Agreement and the Protection Agreement blacklined to the drafts circulated by Blakes on Friday. We understand that the current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Accordingly, the dealers and OPG would like to discuss with the Province the possibility of moving the adherence conditions to the Process Agreement while preserving the Province's oversight of its obligations under the Protection Agreement. We will provide a proposal on that basis to discuss with the Province. Please note that the attached remains subject to the comments of the working group and the rating agencies.

Best Regards,
Nina

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

From: Mike Manning
To: Ronald Kwan; Ken Kandeepan; Gadi Mayman
Subject: Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date: Monday, November 20, 2017 10:05:44 PM

Good question: at the end of the day the lawyers had agreed to attempt to work out the drafting issues and hopefully land on a solution tomorrow. Our lawyers want to stick to the substantive issues in the November 17 (Friday version) of the agreements that we were comfortable with. OPG indicated at the end of the day that the differences in today's version were meant to be of the win-win variety and be to our benefit. Obviously some lawyer to lawyer discussion required. Hoping that these drafting issues get resolved tomorrow morning without more business intervention. So we don't have a clear resolution right now, and may have to get involved tomorrow, but John Lee was hopeful that wouldn't be required. Obviously will keep you in the loop as it evolves tomorrow.
Regards, Mike

On Nov 20, 2017, at 7:35 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi Mike,
>
> Has this been resolved, or a position taken?
>
> Thanks,
> Ron
>
> On Nov 20, 2017, at 2:31 PM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:
>
> > Looking & talking to lawyers, could be a problem. Will get back.
> > Mike
> >
> > ---
> >
> > **From:** Gadi Mayman
> > **Sent:** Monday, November 20, 2017 2:16 PM
> > **To:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> > **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>
> > **Subject:** Fwd: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
> >
> > Is this a small ask, or does it undermine the progress that we'd thought we'd made when we met at noon?
> >
> > Gadi

Begin forwarded message:

From: "Mansoori, Nina" <nmansoori@torys.com>
Date: November 20, 2017 at 2:05:34 PM EST
To: "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>, "Cayley, Daniel (ENERGY)" <Daniel.Cayley@ontario.ca>
Cc: "'dup-john.s.lee@opg.com'" <john.s.lee@opg.com>, "'leslie.wong@opg.com'" <leslie.wong@opg.com>, "'sheen.liu@opg.com'" <sheen.liu@opg.com>, "'tyler.mcauley@opg.com'" <tyler.mcauley@opg.com>, "'clara.greco@opg.com'" <clara.greco@opg.com>, "'matthew.go@opg.com'" <matthew.go@opg.com>, "'anthea.yao@opg.com'" <anthea.yao@opg.com>, "'jenny.jorda@opg.com'" <jenny.jorda@opg.com>, "'stuart.preston@opg.com'" <stuart.preston@opg.com>, "'john.drewniak@opg.com'" <john.drewniak@opg.com>, "'j.hahnparker@opg.com'" <j.hahnparker@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, "Ramchandani, Rima" <rramchandani@torys.com>, "Emes, Aaron" <aemes@torys.com>, "Hunter, Rosalind" <RHunter@osler.com>, "'Alvi, Shariq'" <Shariq.Alvi@cibc.com>, "Innes, Michael" <MInnes@osler.com>, "'Stoddart, Jesse - Debt Capital Markets'" <Jesse.Stoddart@cibc.com>, "'Rix, Lindsey - Legal'" <Lindsey.Rix@cibc.com>, "'Hume, Tyler'" <Tyler.Hume@cibc.com>, "'Daou, Hadi'" <Hadi.Daou@cibc.com>, "'Persad, Nicole'" <Nicole.Persad@cibc.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "'mfitzpatrick@hunton.com'" <mfitzpatrick@hunton.com>, "'aobrian@hunton.com'" <aobrian@hunton.com>, "Watson, Gwen" <gwatson@torys.com>, "Johnson, Richard" <rjohnson@torys.com>, "Smith, Elliot"

<ESmith@osler.com>, "King, Richard" <rking@osler.com>, "Royer, Kate" <KRoyer@osler.com>, "Hughes, Timothy" <THughes@osler.com>, "'Adalja, Sunil'" <Sunil.Adalja@cibc.com>, "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "'Maciel, Andrew'" <Andrew.Maciel@cibc.com>, "'Benaiah, Ian'" <ian.benaiah@rbccm.com>, "'Khan, Nur'" <nur.khan@rbccm.com>, "''Niehaus, Katrina' (Katrina.Niehaus@gs.com)'" <Katrina.Niehaus@gs.com>, "'Delaney, Brian (Brian.Delaney@gs.com)'" <Brian.Delaney@gs.com>, "'Conner, Robbin'" <Robbin.Conner@gs.com>, "'Milligan, Peter'" <PMilligan@osler.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "Fullerton, Rick" <RFullerton@osler.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Emes, Aaron" <aemes@torys.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "Mansoori, Nina" <nmansoori@torys.com>

Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

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From: Ronald Kwan
To: Mike Manning
Subject: Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date: Monday, November 20, 2017 7:35:16 PM

Hi Mike,

Has this been resolved, or a position taken?

Thanks,
Ron

On Nov 20, 2017, at 2:31 PM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:

> Looking & talking to lawyers, could be a problem. Will get back.
> Mike
>
> ---
>
> **From:** Gadi Mayman
> **Sent:** Monday, November 20, 2017 2:16 PM
> **To:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject:** Fwd: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
>
> Is this a small ask, or does it undermine the progress that we'd thought we'd made when we met at noon?
>
> Gadi
>
> Begin forwarded message:
>
> > **From:** "Mansoori, Nina" <nmansoori@torys.com>
> > **Date:** November 20, 2017 at 2:05:34 PM EST
> > **To:** "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>, "Cayley, Daniel (ENERGY)" <Daniel.Cayley@ontario.ca>

Cc: "'dup-john.s.lee@opg.com'" <john.s.lee@opg.com>, "'leslie.wong@opg.com'" <leslie.wong@opg.com>, "'sheen.liu@opg.com'" <sheen.liu@opg.com>, "'tyler.mcauley@opg.com'" <tyler.mcauley@opg.com>, "'clara.greco@opg.com'" <clara.greco@opg.com>, "'matthew.go@opg.com'" <matthew.go@opg.com>, "'anthea.yao@opg.com'" <anthea.yao@opg.com>, "'jenny.jorda@opg.com'" <jenny.jorda@opg.com>, "'stuart.preston@opg.com'" <stuart.preston@opg.com>, "'john.drewniak@opg.com'" <john.drewniak@opg.com>, "'j.hahnparker@opg.com'" <j.hahnparker@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, "Ramchandani, Rima" <rramchandani@torys.com>, "Emes, Aaron" <aemes@torys.com>, "Hunter, Rosalind" <RHunter@osler.com>, "'Alvi, Shariq'" <Shariq.Alvi@cibc.com>, "Innes, Michael" <MInnes@osler.com>, "'Stoddart, Jesse - Debt Capital Markets'" <Jesse.Stoddart@cibc.com>, "'Rix, Lindsey - Legal'" <Lindsey.Rix@cibc.com>, "'Hume, Tyler'" <Tyler.Hume@cibc.com>, "'Daou, Hadi'" <Hadi.Daou@cibc.com>, "'Persad, Nicole'" <Nicole.Persad@cibc.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "'mfitzpatrick@hunton.com'" <mfitzpatrick@hunton.com>, "'aobrian@hunton.com'" <aobrian@hunton.com>, "Watson, Gwen" <gwatson@torys.com>, "Johnson, Richard" <rjohnson@torys.com>, "Smith, Elliot" <ESmith@osler.com>, "King, Richard" <rking@osler.com>, "Royer, Kate" <KRoyer@osler.com>, "Hughes, Timothy" <THughes@osler.com>, "'Adalja, Sunil'" <Sunil.Adalja@cibc.com>, "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "'Maciel, Andrew'" <Andrew.Maciel@cibc.com>, "'Benaiah, Ian'" <ian.benaiah@rbccm.com>, "'Khan, Nur'" <nur.khan@rbccm.com>, "'"Niehaus, Katrina' (Katrina.Niehaus@gs.com)'" <Katrina.Niehaus@gs.com>, "'Delaney, Brian (Brian.Delaney@gs.com)'" <Brian.Delaney@gs.com>, "'Conner, Robbin'" <Robbin.Conner@gs.com>, "'Milligan, Peter'" <PMilligan@osler.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "Fullerton, Rick" <RFullerton@osler.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Emes, Aaron" <aemes@torys.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "Mansoori, Nina" <nmansoori@torys.com>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

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From: Ronald.Kwan@ofina.on.ca
To: Gadi Mayman
Cc: Mike Manning; Ken Kandeepan; Anna Strathy
Subject: Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date: Monday, November 20, 2017 3:36:48 PM

Hi Gadi,

I may be misremembering or out of date on the current interactions between the two agreements, but I'd recall the lawyers on being quite particular on the

On Nov 20, 2017, at 2:15 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Is this a small ask, or does it undermine the progress that we'd thought we'd made when we met at noon?
>
> Gadi
>
> Begin forwarded message:
>
> **From:** "Mansoori, Nina" <nmansoori@torys.com>
> **Date:** November 20, 2017 at 2:05:34 PM EST
> **To:** "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>, "ASHBOURNE, STEPHEN" <STEPHEN.ASHBOURNE@blakes.com>, "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>, "Cayley, Daniel (ENERGY)" <Daniel.Cayley@ontario.ca>
> **Cc:** "'dup-john.s.lee@opg.com'" <john.s.lee@opg.com>, "'leslie.wong@opg.com'" <leslie.wong@opg.com>, "'sheen.liu@opg.com'" <sheen.liu@opg.com>, "'tyler.mcauley@opg.com'" <tyler.mcauley@opg.com>, "'clara.greco@opg.com'" <clara.greco@opg.com>, "'matthew.go@opg.com'" <matthew.go@opg.com>, "'anthea.yao@opg.com'" <anthea.yao@opg.com>, "'jenny.jorda@opg.com'" <jenny.jorda@opg.com>, "'stuart.preston@opg.com'" <stuart.preston@opg.com>, "'john.drewniak@opg.com'" <john.drewniak@opg.com>, "'j.hahnparker@opg.com'" <j.hahnparker@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, "Ramchandani, Rima" <rramchandani@torys.com>, "Emes, Aaron" <aemes@torys.com>,

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Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

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[torys.com]

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<Blackline_ProtectionAgreement.pdf>

<Blackline_ProcessAgreement.pdf>

<CLPA - Protection Agreement (COMMENTS).docx>

<CLPA - Process Agreement (COMMENTS).docx>

From: Anna Strathy
To: Ken Kandeepan; Mike Manning; Ronald Kwan
Subject: Re: Change of Law Protection Agreement and Change of Law Process Agreement
Date: Friday, November 17, 2017 4:39:23 PM

I'm sorry I couldn't join the 2:30pm call. I got the debrief from Malle and updated Gadi over the phone.

Have a good weekend. Hopefully no further drafts of the agreement circulated for review

--
Anna Strathy
Special Policy Advisor to the CEO
Ontario Financing Authority
416.325.8032

On Nov 17, 2017, at 4:36 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November 17, 2017 4:24 PM
To: Mansoori, Nina; Feldman, Michael; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Ramchandani, Rima
Cc: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY); Mayman, Gadi (OFA)
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Attached are comments on your drafts from 8:30 last night. The attached blacklines are to those versions. These remain subject to review and comment by the Province, but we hope will give you a version (with several open items identified in Notes) OPG can feel comfortable sharing with its Board for their information purposes. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Thursday, November 16, 2017 8:29 PM
To: ASHBOURNE, STEPHEN; Feldman, Michael; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin; Sebastiano, Rocco; Ramchandani, Rima; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

All – please find attached consolidated comments from OPG and the Dealers on the Change of Law Agreements. Please note that the attached remains subject to the

review of the working group. There are a few drafting points to confirm amongst the lawyers but please let us know if there are any remaining business points to be discussed on these documents tomorrow. Many thanks,

Nina Mansoori

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Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

<image004.jpg>[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-14-17 8:30 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Ramchandani, Rima <rramchandani@torys.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; 'WONG Leslie - LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; 'Benaiah, Ian' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; Niehaus, Katrina <Katrina.Niehaus@gs.com>; Delaney, Brian <Brian.Delaney@gs.com>; Conner, Robbin <Robbin.Conner@gs.com>
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find attached revised versions of the Protection and Process Agreements. The blacklines show changes to the November 2nd (Province/Blakes) and November 8th (OPG/Dealers/Osler/Torys) circulated versions. In the interest of time, these versions are being circulated at the same time to the Province and so remain subject to comment. Please let us know if you have any comments or concerns. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Thursday, November 09, 2017 2:11 AM
To: Ramchandani, Rima; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA; Malle.Hanslep@ontario.ca; Tobias.Whitfield@ontario.ca; tom.mckinlay@ontario.ca; Alena.Thouin@ontario.ca
Cc: Feldman, Michael; Mansoori, Nina; Saulnier, Brett; 'WONG Leslie -LAWDIV'; LEE John -TREASURY; RYFA Ken -TREASURY; Milligan, Peter; Fullerton, Rick; 'Persaud, Donnie - Debt Capital Markets'; Adalja, Sunil; Maciel, Andrew; 'Benaiah, Ian'; 'Khan, Nur

(nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; Niehaus, Katrina; Delaney, Brian; Conner, Robbin
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement

Please find enclosed revised drafts of the Change of Law Protection Agreement and the Change of Law Process Agreement. I have also enclosed redlines to the drafts which Stephen circulated on November 2nd. The revised drafts and comments contained in these two agreements are a consolidation of comments from Osler and Torys. Please note that we have not had an opportunity to discuss all of the revisions and comments contained in these revised drafts with OPG and the Dealers and therefore, are subject to any further comments which the Dealers and OPG may have.

The initial drafts of these two agreement have not been provided to the rating agencies for their review and therefore, further revisions may be required following their review and comment once drafts have been provided to them to review.

Regards, Rocco

<image005.gif>
Rocco Sebastiano
Partner

416.862.5859 DIRECT
416.862.6666 FACSIMILE
rsebastiano@osler.com

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario, Canada M5X 1B8
<image006.gif>[osler.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-02-17 9:02 PM
To: Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>; Hill, Krista <khill@torys.com>
Cc: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca) <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; tom.mckinlay@ontario.ca; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: Change of Law Protection Agreement and Change of Law Process Agreement

Rima, Krista, Nina and Michael,

Here are drafts of the Change of Law Protection Agreement and Change of Law Process Agreement. Please note that while various people at the Province have provided considerable thought and input into these drafts, they remain subject to on-going review, comment and consideration (including where indicated in the drafts) by the Province, and of course remain subject to ultimate consideration and approval by the Ministers. This circulation is for discussion purposes only. Please feel free to circulate these drafts to

OPG, E&Y, Osler and the Dealers, reflecting that understanding.

We propose that a consolidated mark-up be prepared that reflects all of the issues that you or those others may have, and ideally reflects input from the rating agencies. Once that mark-up is available, we propose that a meeting of interested parties be held to resolve any outstanding issues.

In the meantime, please feel free to call Malle, Toby, Tom, Alena or me if you have questions or concerns.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————————

<image007.gif>

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000, Toronto ON M5L 1A9
Tel: 416-863-2400 Fax: 416-863-2653
blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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<23239361-v12-CLPA - Process Agreement.DOCX>

<23239361-vpdf-CLPA - Process Agreement.PDF>

<23239360-v15-CLPA - Protection Agreement.DOCX>

<23239360-vpdf-CLPA - Protection Agreement.PDF>

From:	Gadi Mayman
To:	Malle Hanslep (MOF)
Cc:	Ken Kandeepan; Mike Manning; Ronald Kwan; Tobias P. Whitfield (MOF); Michael Waterston (MOF); Anna Strathy
Subject:	Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
Date:	Tuesday, November 21, 2017 10:07:20 AM

I think that Mike may have asked John Lee late yesterday for that, and I'm guessing that the preamble in what Nina sent is trying to address that request from us. The point that is critical from my perspective is ensuring that we know why our proposed placement is problematic for marketing the transaction. I think that Tory's preamble addresses that, as much as it can before the dealers have actually gone out to market, but I'd want Mike's viewpoint on that.

Gadi

On Nov 21, 2017, at 10:01 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Given the follow up email from Torys proposing changes to the structure of the agreements and the other comments on the agreements, have the dealers been asked to provide their written explanation as set out below as all the requested changes seem predicated on this point.
>
> ---
>
> **From:** Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
> **Sent:** November 21, 2017 8:13 AM
> **To:** Hanslep, Malle (MOF)
> **Cc:** Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Whitfield, Tobias P. (MOF); Waterston, Michael (MOF); Strathy, Anna (OFA)
> **Subject:** Re: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro
>
> As I may not be able to join the call this morning, I thought I'd share my view: if this truly is an issue for marketing the bonds to investors, it would be significant from their perspective. Mike and I don't yet understand why it would be, so it is up to the underwriters, or their counsel, to provide us with a written, not oral, explanation as to why it would be. If they are not prepared to put their reasons in a short, plain English, form, I'm not prepared to accept their request.
>
> Gadi
>
> On Nov 21, 2017, at 8:04 AM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
>
> > Energy (both policy and legal) staff and OPCD should be on any call to discuss this, as well.
> >
> > Thanks,
> > Gadi
> >
> > On Nov 21, 2017, at 8:00 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
> >
> > > I think that it would be useful to discuss next steps here given Torys email below. According to Torys some of this reflects discussions they had with dealers counsel on the weekend and contacted me to have call to give more context. However

I would like to discuss this with you as this seems to be quite a significant change to what we were discussing on Monday and our most recent draft. If we have a call maybe it should be the whole group and include Blakes.

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Mansoori, Nina <nmansoori@torys.com>
Sent: Monday, November 20, 2017 14:06
To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); VINER, JON; PRESTAGE, JA; Cayley, Daniel (ENERGY)
Cc: 'dup-john.s.lee@opg.com'; 'leslie.wong@opg.com'; 'sheen.liu@opg.com'; 'tyler.mcauley@opg.com'; 'clara.greco@opg.com'; 'matthew.go@opg.com'; 'anthea.yao@opg.com'; 'jenny.jorda@opg.com'; 'stuart.preston@opg.com'; 'john.drewniak@opg.com'; 'j.hahnparker@opg.com'; Feldman, Michael; Ramchandani, Rima; Emes, Aaron; Hunter, Rosalind; 'Alvi, Shariq'; Innes, Michael; 'Stoddart, Jesse - Debt Capital Markets'; 'Rix, Lindsey - Legal'; 'Hume, Tyler'; 'Daou, Hadi'; 'Persad, Nicole'; Olusoga, Yinka; Saulnier, Brett; 'mfitzpatrick@hunton.com'; 'aobrian@hunton.com'; Watson, Gwen; Johnson, Richard; Smith, Elliot; King, Richard; Royer, Kate; Hughes, Timothy; 'Adalja, Sunil'; 'Persaud, Donnie - Debt Capital Markets'; Sebastiano, Rocco; 'Maciel, Andrew'; 'Benaiah, Ian'; 'Khan, Nur'; "Niehaus, Katrina' (Katrina.Niehaus@gs.com)'; 'Delaney, Brian (Brian.Delaney@gs.com)'; 'Conner, Robbin'; 'Milligan, Peter'; Sebastiano, Rocco; Fullerton, Rick; Olusoga, Yinka; Emes, Aaron; Saulnier, Brett; Mansoori, Nina
Subject: RE: Change of Law Protection Agreement and Change of Law Process Agreement - Fair Hydro

All – please find attached consolidated comments on the Process Agreement and the Protection Agreement blacklined to the drafts circulated by Blakes on Friday. We understand that the current structure requiring satisfaction of the adherence conditions in the Protection Agreement impacts the marketability of the transaction and creates uncertainty for investors. Accordingly, the dealers and OPG would like to discuss with the Province the possibility of moving the adherence conditions to the Process Agreement while preserving the Province's oversight of its obligations under the Protection Agreement. We will provide a proposal on that basis to discuss with the Province. Please note that the

attached remains subject to the comments of the working group and the rating agencies.

Best Regards,
Nina
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada |
www.torys.com[torys.com]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=MrpUmWD3dcc7aBZwZo-vo7ltU4uMqH-66WunWE2l7Qg&s=eEbg_tyY-YaKY4yvrCFty-qqJo_QZcAOJl_j_LWV4EA&e= >

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<Blackline_ProtectionAgreement.pdf>

<Blackline_ProcessAgreement.pdf>

<CLPA - Protection Agreement (COMMENTS).docx>

<CLPA - Process Agreement (COMMENTS).docx>

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From: Ken Kandeepan
To: Anna Strathy
Cc: Ronald Kwan; Gavin He
Subject: Re: DM and Minister Briefing | Change of Law Assumption Agreement (Fair Hydro Plan) Submission
Date: Wednesday, September 20, 2017 4:18:07 PM

Most certainly, see you at 9 am tomorrow at Frost

Ken k

Sent from my iPhone

> On Sep 20, 2017, at 4:15 PM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:
>
> Hi Ken, Ron,
>
> Just confirming that, in Gadi's absence, you'll take the Deputy and Minister through the TB submission tomorrow morning at 9am. The DMO has the full signing package, but I'm attaching the final products for your reference:
>
> TB submission (clean)
> TB submission (with the Deputy's changes tracked)
> Slide deck
> Draft OIC
> Section 28
>
> I will bring extra copies of the deck and submission with me tomorrow. Note, CQSD, MOF Legal and OPCD will also be in attendance.
>
> Thanks, Anna
>
>
>
> -----Original Appointment-----
> From: Sousa, Charles (MOF) [mailto:Charles.Sousa@ontario.ca]
> Sent: Monday, September 18, 2017 4:25 PM
> To: Charles Sousa (MOF); @FIN-R-TOR.7QueensParkCres.Trillium.Boardroom (MOF); Ghiassi, Ali (MOF); Marianne Nguyen (MCYS); Scott Thompson (CAB); Sonia Parisi (MGS); David McLean (MOF); Jonathan Tekle (CAB); Helmut Zisser (MOF); Linda Gibney (MOF); Anthony Reiss (MGS); Gadi Mayman; Ronald Kwan; Ken Kandeepan; Veinot, Cindy (TBS); Scott Nelms (ENERGY); Malle Hanslep (MOF)
> Cc: Visca, Marie (MOF); Tobias P. Whitfield (MOF); Michael Waterston (MOF); Mark Donaldson (MOF)
> Subject: Copy: DM and Minister Briefing | Change of Law Assumption Agreement (Fair Hydro Plan) Submission
> When: Thursday, September 21, 2017 9:00 AM-9:30 AM (UTC-05:00) Eastern Time (US & Canada).
> Where: Trillium Boardroom
>
>
>
>
>
> <MOF Briefings_OFHP_Protection Agreement_v11.pptx>
> <TB20 Submission_Provincial Protection Agreement_V10_clean.docx>
> <TB20 Submission_Provincial Protection Agreement_V10_track_change.pdf>
> <OIC Provincial Protection Agreement.pdf>
> <S. 28 Protection Agreement.doc>

From: Ronald Kwan
To: Ken Kandeepan
Cc: Anna Strathy; Gavin He
Subject: Re: DM and Minister Briefing | Change of Law Assumption Agreement (Fair Hydro Plan) Submission
Date: Wednesday, September 20, 2017 4:19:05 PM

Ditto, and thanks Anna.

Ron

> On Sep 20, 2017, at 4:18 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
>
> Most certainly, see you at 9 am tomorrow at Frost
>
> Ken k
>
> Sent from my iPhone
>
>> On Sep 20, 2017, at 4:15 PM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:
>>
>> Hi Ken, Ron,
>>
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>> TB submission (clean)
>> TB submission (with the Deputy's changes tracked)
>> Slide deck
>> Draft OIC
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>>
>> I will bring extra copies of the deck and submission with me tomorrow. Note, CQSD, MOF Legal and OPCD will also be in attendance.
>>
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>>
>>
>>
>> -----Original Appointment-----
>> From: Sousa, Charles (MOF) [mailto:Charles.Sousa@ontario.ca]
>> Sent: Monday, September 18, 2017 4:25 PM
>> To: Charles Sousa (MOF); @FIN-R-TOR.7QueensParkCres.Trillium.Boardroom (MOF); Ghiassi, Ali (MOF); Marianne Nguyen (MCYS); Scott Thompson (CAB); Sonia Parisi (MGS); David McLean (MOF); Jonathan Tekle (CAB); Helmut Zisser (MOF); Linda Gibney (MOF); Anthony Reiss (MGS); Gadi Mayman; Ronald Kwan; Ken Kandeepan; Veinot, Cindy (TBS); Scott Nelms (ENERGY); Malle Hanslep (MOF)
>> Cc: Visca, Marie (MOF); Tobias P. Whitfield (MOF); Michael Waterston (MOF); Mark Donaldson (MOF)
>> Subject: Copy: DM and Minister Briefing | Change of Law Assumption Agreement (Fair Hydro Plan) Submission
>> When: Thursday, September 21, 2017 9:00 AM-9:30 AM (UTC-05:00) Eastern Time (US & Canada).
>> Where: Trillium Boardroom
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>>

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>>
>> <MOF Briefings_OFHP_Protection Agreement_v11.pptx>
>> <TB20 Submission_Provincial Protection Agreement_V10_clean.docx>
>> <TB20 Submission_Provincial Protection Agreement_V10_track_change.pdf>
>> <OIC Provincial Protection Agreement.pdf>
>> <S. 28 Protection Agreement.doc>

From: Gadi Mayman
To: Ronald Kwan
Subject: Re: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
Date: Tuesday, September 19, 2017 8:23:18 PM

I'm not sure who drafted the deck. Hopefully it'll be a nice, quick, non-contentious meeting.

Gadi

> On Sep 19, 2017, at 7:36 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
>
> Hi Gadi,
>
> I ended up getting the meeting notice forwarded to me after all, so I may see you in the morning.
>
> Was the deck drafted by Anna?
>
> Ron
>
>> On Sep 19, 2017, at 5:36 PM, Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca> wrote:
>>
>>
>>
>> -----Original Appointment-----
>> From: Imbrogno, Serge (ENERGY)
>> Sent: September-19-17 4:50 PM
>> To: Imbrogno, Serge (ENERGY); Thompson, Scott (MOF); Ghiassi, Ali (MOF); Nguyen, Marianne (MOF); Thiru, Kaj (MOF); McLean, David (MOF); Schlaepfer, Martin (ENERGY); Bungaro-Yemec, Francesca (ENERGY); Teliszewsky, Andrew (ENERGY); Baker, Carys (ENERGY); Nelms, Scott (MOF); Mayman, Gadi (OFA); Angus, Helen (TBS); Hresa Gavaris; MacIntyre, Kyle (TBS); Strathy, Anna (OFA); Whittington, Matt (ENERGY); Hume, Steen (ENERGY); Cox, Hilary (ENERGY)
>> Cc: Katona, Keley (MOF); Hughes, Karen (TBS); Veinot, Cindy (TBS); Cayley, Daniel (ENERGY); O'Riordan, Eamon (ENERGY)
>> Subject: FW: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
>> When: September-20-17 8:00 AM-8:45 AM (UTC-05:00) Eastern Time (US & Canada).
>> Where: 900 Bay Street, 4th Floor, Hearst Block, Ministry of Energy Executive Boardroom
>>
>>
>>
>>
>> -----Original Appointment-----
>> From: Imbrogno, Serge (ENERGY)
>> Sent: September 19, 2017 4:36 PM
>> To: Imbrogno, Serge (ENERGY); McLean, David (MOF); Schlaepfer, Martin (ENERGY); Bungaro-Yemec, Francesca (ENERGY); Teliszewsky, Andrew (ENERGY); Baker, Carys (ENERGY); Nelms, Scott (MOF); Mayman, Gadi (OFA); Angus, Helen (TBS); Hresa Gavaris; MacIntyre, Kyle (TBS); Strathy, Anna (OFA); Whittington, Matt (ENERGY); Hume, Steen (ENERGY); Cox, Hilary (ENERGY)
>> Cc: Katona, Keley (MOF); Hughes, Karen (TBS); Veinot, Cindy (TBS); Cayley, Daniel (ENERGY); O'Riordan, Eamon (ENERGY)
>> Subject: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
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>> Where: 900 Bay Street, 4th Floor, Hearst Block, Ministry of Energy Executive Boardroom
>>
>>
>>

>>
>> <meeting.ics>

From: Ronald Kwan
To: Gadi Mayman
Subject: Re: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
Date: Tuesday, September 19, 2017 7:36:26 PM

Hi Gadi,

I ended up getting the meeting notice forwarded to me after all, so I may see you in the morning.

Was the deck drafted by Anna?

Ron

> On Sep 19, 2017, at 5:36 PM, Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca> wrote:
>
>
>
> -----Original Appointment-----
> From: Imbrogno, Serge (ENERGY)
> Sent: September-19-17 4:50 PM
> To: Imbrogno, Serge (ENERGY); Thompson, Scott (MOF); Ghiassi, Ali (MOF); Nguyen, Marianne (MOF); Thiru, Kaj (MOF); McLean, David (MOF); Schlaepfer, Martin (ENERGY); Bungaro-Yemec, Francesca (ENERGY); Teliszewsky, Andrew (ENERGY); Baker, Carys (ENERGY); Nelms, Scott (MOF); Mayman, Gadi (OFA); Angus, Helen (TBS); Hresa Gavaris; MacIntyre, Kyle (TBS); Strathy, Anna (OFA); Whittington, Matt (ENERGY); Hume, Steen (ENERGY); Cox, Hilary (ENERGY)
> Cc: Katona, Keley (MOF); Hughes, Karen (TBS); Veinot, Cindy (TBS); Cayley, Daniel (ENERGY); O'Riordan, Eamon (ENERGY)
> Subject: FW: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
> When: September-20-17 8:00 AM-8:45 AM (UTC-05:00) Eastern Time (US & Canada).
> Where: 900 Bay Street, 4th Floor, Hearst Block, Ministry of Energy Executive Boardroom
>
>
>
>
> -----Original Appointment-----
> From: Imbrogno, Serge (ENERGY)
> Sent: September 19, 2017 4:36 PM
> To: Imbrogno, Serge (ENERGY); McLean, David (MOF); Schlaepfer, Martin (ENERGY); Bungaro-Yemec, Francesca (ENERGY); Teliszewsky, Andrew (ENERGY); Baker, Carys (ENERGY); Nelms, Scott (MOF); Mayman, Gadi (OFA); Angus, Helen (TBS); Hresa Gavaris; MacIntyre, Kyle (TBS); Strathy, Anna (OFA); Whittington, Matt (ENERGY); Hume, Steen (ENERGY); Cox, Hilary (ENERGY)
> Cc: Katona, Keley (MOF); Hughes, Karen (TBS); Veinot, Cindy (TBS); Cayley, Daniel (ENERGY); O'Riordan, Eamon (ENERGY)
> Subject: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
> When: September 20, 2017 8:00 AM-8:45 AM (UTC-05:00) Eastern Time (US & Canada).
> Where: 900 Bay Street, 4th Floor, Hearst Block, Ministry of Energy Executive Boardroom
>
>
>
>
> <meeting.ics>

From: Ronald Kwan
To: Marianne Nguyen (MCYS)
Cc: Jonathan Tekle (CAB)
Subject: Re: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
Date: Tuesday, September 19, 2017 7:19:54 PM

Thanks Marianne.

Ron

> On Sep 19, 2017, at 7:12 PM, Nguyen, Marianne (MOF) <Marianne.Nguyen@ontario.ca> wrote:
>
> Here you go! Didn't have a chance to get to the scanner until now.
>
> _____
> From: Ronald Kwan [mailto:Ronald.Kwan@ofina.on.ca]
> Sent: September-19-17 6:44 PM
> To: Nguyen, Marianne (MOF)
> Subject: RE: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
>
>
> Thanks Marianne.
>
> Did you try to send me the pdf of the deck? I didn't see anything in my inbox.
>
> Ron
>
> -----Original Appointment-----
> From: Marianne.Nguyen@ontario.ca<mailto:Marianne.Nguyen@ontario.ca>
[mailto:Marianne.Nguyen@ontario.ca] On Behalf Of Imbrogno, Serge (ENERGY)
> Sent: September-19-17 17:36
> To: Ronald Kwan
> Subject: FW: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
> When: September-20-17 08:00-08:45 (UTC-05:00) Eastern Time (US & Canada).
> Where: 900 Bay Street, 4th Floor, Hearst Block, Ministry of Energy Executive Boardroom
>
>
>
> -----Original Appointment-----
> From: Imbrogno, Serge (ENERGY)
> Sent: September-19-17 4:50 PM
> To: Imbrogno, Serge (ENERGY); Thompson, Scott (MOF); Ghiassi, Ali (MOF); Nguyen, Marianne (MOF); Thiru, Kaj (MOF); McLean, David (MOF); Schlaepfer, Martin (ENERGY); Bungaro-Yemec, Francesca (ENERGY); Teliszewsky, Andrew (ENERGY); Baker, Carys (ENERGY); Nelms, Scott (MOF); Mayman, Gadi (OFA); Angus, Helen (TBS); Hresa Gavaris; MacIntyre, Kyle (TBS); Strathy, Anna (OFA); Whittington, Matt (ENERGY); Hume, Steen (ENERGY); Cox, Hilary (ENERGY)
> Cc: Katona, Keley (MOF); Hughes, Karen (TBS); Veinot, Cindy (TBS); Cayley, Daniel (ENERGY); O'Riordan, Eamon (ENERGY)
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>
>
>
> -----Original Appointment-----

> From: Imbrogno, Serge (ENERGY)
> Sent: September 19, 2017 4:36 PM
> To: Imbrogno, Serge (ENERGY); McLean, David (MOF); Schlaepfer, Martin (ENERGY); Bungaro-Yemec, Francesca (ENERGY); Teliszewsky, Andrew (ENERGY); Baker, Carys (ENERGY); Nelms, Scott (MOF); Mayman, Gadi (OFA); Angus, Helen (TBS); Hresa Gavaris; MacIntyre, Kyle (TBS); Strathy, Anna (OFA); Whittington, Matt (ENERGY); Hume, Steen (ENERGY); Cox, Hilary (ENERGY)
> Cc: Katona, Keley (MOF); Hughes, Karen (TBS); Veinot, Cindy (TBS); Cayley, Daniel (ENERGY); O'Riordan, Eamon (ENERGY)
> Subject: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
> When: September 20, 2017 8:00 AM-8:45 AM (UTC-05:00) Eastern Time (US & Canada).
> Where: 900 Bay Street, 4th Floor, Hearst Block, Ministry of Energy Executive Boardroom
>
>
>
>
>
>
> _____
>
> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.
>
> <20170919185556393.pdf>

From: Ronald Kwan
To: Gadi Mayman
Subject: Re: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
Date: Tuesday, September 19, 2017 8:41:57 PM

Looks like an updated version of the deck GBED drafted in August for the Minister of Energy, and as commented on by the OFA at that time.

Ron

> On Sep 19, 2017, at 8:23 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
>
> I'm not sure who drafted the deck. Hopefully it'll be a nice, quick, non-contentious meeting.
>
> Gadi
>
>> On Sep 19, 2017, at 7:36 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
>>
>> Hi Gadi,
>>
>> I ended up getting the meeting notice forwarded to me after all, so I may see you in the morning.
>>
>> Was the deck drafted by Anna?
>>
>> Ron
>>
>>> On Sep 19, 2017, at 5:36 PM, Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca> wrote:
>>>
>>>
>>>
>>> -----Original Appointment-----
>>> From: Imbrogno, Serge (ENERGY)
>>> Sent: September-19-17 4:50 PM
>>> To: Imbrogno, Serge (ENERGY); Thompson, Scott (MOF); Ghiassi, Ali (MOF); Nguyen, Marianne (MOF); Thiru, Kaj (MOF); McLean, David (MOF); Schlaepfer, Martin (ENERGY); Bungaro-Yemec, Francesca (ENERGY); Teliszewsky, Andrew (ENERGY); Baker, Carys (ENERGY); Nelms, Scott (MOF); Mayman, Gadi (OFA); Angus, Helen (TBS); Hresa Gavaris; MacIntyre, Kyle (TBS); Strathy, Anna (OFA); Whittington, Matt (ENERGY); Hume, Steen (ENERGY); Cox, Hilary (ENERGY)
>>> Cc: Katona, Keley (MOF); Hughes, Karen (TBS); Veinot, Cindy (TBS); Cayley, Daniel (ENERGY); O'Riordan, Eamon (ENERGY)
>>> Subject: FW: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
>>> When: September-20-17 8:00 AM-8:45 AM (UTC-05:00) Eastern Time (US & Canada).
>>> Where: 900 Bay Street, 4th Floor, Hearst Block, Ministry of Energy Executive Boardroom
>>>
>>>
>>>
>>>
>>> -----Original Appointment-----
>>> From: Imbrogno, Serge (ENERGY)
>>> Sent: September 19, 2017 4:36 PM
>>> To: Imbrogno, Serge (ENERGY); McLean, David (MOF); Schlaepfer, Martin (ENERGY); Bungaro-Yemec, Francesca (ENERGY); Teliszewsky, Andrew (ENERGY); Baker, Carys (ENERGY); Nelms, Scott (MOF); Mayman, Gadi (OFA); Angus, Helen (TBS); Hresa Gavaris; MacIntyre, Kyle (TBS); Strathy, Anna (OFA); Whittington, Matt (ENERGY); Hume, Steen (ENERGY); Cox, Hilary (ENERGY)
>>> Cc: Katona, Keley (MOF); Hughes, Karen (TBS); Veinot, Cindy (TBS); Cayley, Daniel (ENERGY);

O'Riordan, Eamon (ENERGY)
>>> Subject: DM, CoS, OFA, TBS Meeting | Change of Law Protection Agreement
>>> When: September 20, 2017 8:00 AM-8:45 AM (UTC-05:00) Eastern Time (US & Canada).
>>> Where: 900 Bay Street, 4th Floor, Hearst Block, Ministry of Energy Executive Boardroom
>>>
>>>
>>>
>>>
>>> <meeting.ics>

From: Ronald Kwan
To: Angie Georgakakos
Subject: Re: Discussion of OPG's Proposed Adherence Terms | OFA, OPCD, MOF, Legal Counsel
Date: Wednesday, October 25, 2017 3:57:13 PM

Hi Angie,

Would you reschedule the meeting with Nancy, as this meeting now conflicts.

Thanks,
Ron

From: Anna Strathy
Sent: October 25, 2017 3:48 PM
To: Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Hresa Gavaris; John Psinas
Subject: Discussion of OPG's Proposed Adherence Terms | OFA, OPCD, MOF, Legal Counsel
When: October 26, 2017 9:30 AM-10:30 AM.
Where: Executive Boardroom, 14th Floor, 1 Dundas OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to moderate

or
Please call Hresa at 5-8002 upon arrival

From:	Ronald Kwan
To:	Anna Strathy
Subject:	Re: Discussion of OPG's Proposed Adherence Terms | OFA, OPCD, MOF, Legal Counsel
Date:	Wednesday, October 25, 2017 4:01:13 PM

Hi Anna,

Just as a comment, it may be better not to send out attachments with meeting notices (and send them instead in a separate email) unless the meeting can be made "Private" by Outlook.

I believe that anyone who has access to an OFA boardroom in the Outlook Calendar can view all meetings scheduled, including attachments.

Ron

From: Anna Strathy
Sent: October 25, 2017 3:48 PM
To: Anna Strathy; Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Hresa Gavaris; John Psinas
Subject: Discussion of OPG's Proposed Adherence Terms | OFA, OPCD, MOF, Legal Counsel
When: October 26, 2017 9:30 AM-10:30 AM.
Where: Executive Boardroom, 14th Floor, 1 Dundas OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to moderate

or
Please call Hresa at 5-8002 upon arrival

From: Ronald Kwan
To: Mike Manning
Subject: Re: Fair Hydro - Change of Law Protection Agreement
Date: Tuesday, December 12, 2017 2:40:44 PM

Thanks Mike. Once a listed is created, it likely gets reused.

Ron

On Dec 12, 2017, at 2:32 PM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:

> Hi Ron:
> As requested, not sure why you were not on the list.
> Mike
>
> ---
>
> **From:** ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
> **Sent:** Tuesday, December 12, 2017 9:45 AM
> **To:** Sebastiano, Rocco <RSebastiano@osler.com>; Saulnier, Brett <bsaulnier@torys.com>; Milligan, Peter <PMilligan@osler.com>; Mansoori, Nina <nmansoori@torys.com>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Daniel Cayley (ENERGY) <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie - LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>; Conner, Robbin <Robbin.Conner@gs.com>
> **Subject:** RE: Fair Hydro - Change of Law Protection Agreement
>
> Here is my mark-up of the Protection Agreement. It remains subject to input from the

Province. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Tuesday, December 12, 2017 9:37 AM
To: Saulnier, Brett; ASHBOURNE, STEPHEN; Milligan, Peter; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA; Conner, Robbin
Subject: RE: Fair Hydro - Change of Law Protection Agreement

A bit rushed, but here are my comments on the revised Change of Law Protection Agreement:

- In section 4.02(c), add "a Post-Suspension Obligation or a Pre-Approved Refinancing" after "a Certified Primary Obligation".

- In section 7.03, should this apply to both Post-Suspension Refinancings and Pre-Approved Refinancings"? Also, need to change the clause "the Manager shall accept such Proposal" as it was the Manage that submitted the Proposal to the Province. It should read "the Manager shall accept the Province's proposal to provide such Post-Suspension Refinancing". And change the final ";" to a comma before "provided that such Post-Suspension…"

- In section 7.04, add "or Pre-Approved Refinancing" to the end of the sentence.

- In the definition of "Post-Suspension Refinancing", why is the term "one or more Series of Approved Obligations" being used? Why not simply "one or more Approved Obligations"?

- In the definition of "Pre-Approved Refinancing", revise to read "… waived its right to object under the Change of Law Process Agreement or otherwise to such Refinancing being an Approved Obligation."

- In the definition of "Protection Event", in paragraph (a), change "an event described in a(i) to a(v)" to "an event described in any of clauses (i) to (v) of this paragraph (a)". Also, it is not correct to say "after collecting the True-up Amount" because this would

suggest having collected the True-up Amount". It should say, "and (ii) in respect of the True-up Amount for the Reference Period immediately following the occurrence of an event described in any of clauses (i) to (v) of this paragraph (a)".

- In the new definitions added which refer to "in the Act", change to "in the Act as of the date hereof" (e.g., "True-up Amount").

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar

invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of

Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

<image001.gif>
Peter Milligan

416.862.6634 DIRECT
416.862.6666 FACSIMILE
pmilligan@osler.com

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place

Toronto, Ontario, Canada M5X 1B8
<image002.gif>[osler.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Thursday, December 07, 2017 4:27 PM
To: Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Process Agreement

Hi,

Please find (attached) a further turn of the Change of Law Process Agreement, reflecting the Province's comments on the mark-up of the Agreement circulated yesterday afternoon by Torys. The attached blackline shows changes made to yesterday's Torys mark-up.

This version addresses concerns Rocco raised last night, to the extent the Province feels that the issues can be accommodated. For your information, I have set out below

responses to Rocco's comments/observations (in CAPs).

The Province would like to proceed with the Ministers briefing early next week, on the basis that this version (minus the explanatory notes) is now in final form. If there are any critical revisions that the other parties believe reflect 'must have' priority, then the Province would like to have a call to discuss them as soon as possible.

Responses to Rocco's Points:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further consideration. [AGREED. 7.01(b) and 7.01(c) WILL NEED TO MIRROR THE CURE LANGUAGE WE SETTLE ON IN THE PROCESS AGREEMENT (SEE MY EARLIER COMMENTS). PERHAPS THE "which continues …" LANGUAGE IN 7.01(B) CAN BE REVISED TO READ: "to the extent that the Province would be entitled to provide a Suspension Notice in accordance with the terms of the agreement or agreements between the Province and OPG under which such obligations, requirements and processes arise". SIMILAR CHANGE FOR 7.01(C).

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings. [THAT IS THE INTENDED EFFECT. THE ADHERENCE CONDITIONS WOULD APPLY TO THE REFINANCING, SO IF THE REFINANCING TERMS DEVIATED MATERIALLY (BASED ON THE SUBSTANTIALLY IN THE FORM" THRESHOLD"), THEN OPG WOULD REQUIRE THE PROVINCE NOT TO OBJECT IN ORDER TO PROCEED WITH THOSE NEW TERMS. OTHERWISE, THE REFINANCING COULD INCORPORATE TERMS AND CONDITIONS, WHICH WOULD BIND THE PROVINCE UNDER THE LIMITED GUARANTEE, THAT WOULD BE UNCONSTRAINED AND WITHOUT ANY ACCOUNTABILITY TO THE PROVINCE. IN ROCCO'S EXAMPLE, THAT MIGHT MEAN THAT OPG WOULD NEED TO RESORT TO UNRATED DEBT, IF THE PROVINCE WAS UNWILLING TO ACCEPT THE NEW TERMS. PRESUMABLY EVERYONE WOULD ACT RATIONALLY. HOWEVER, AS A FAILSAFE, OPG COULD OFFER INCREASED PRICING IN ORDER TO ATTRACT INVESTORS TO ACCEPT THE EARLIER VETTED TERMS (BASED ON THE THEN ACCEPTED REVIEWED

DOCUMENTATION).]

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable. [THE SUGGESTION REGARDING THE PROVINCE PREVENTING A REFINANCING IS ADDRESSED IN #2. IF THE REFINANCING TERMS WOULD EXCEED THE SCOPE OF THE TRANSACTION DOCUMENTS REVIEWED AND NOT OBJECTED TO BY THE PROVINCE, THEN THAT SUGGESTS THERE IS A MATERIAL EFFECT ON THE PROVINCE AND SO THE PROVINCE WOULD NEED THE ABILITY TO REVIEW AND CONSIDER THE PROPRIETY OF THOSE NEW TERMS FROM ITS PERSPECTIVE. AS FOR THE STANDALONE NATURE OF THE PROCESS AGREEMENT, THE INTENTION IS THAT THE PROCESS AGREEMENT BE UNCOUPLED AND NOT PART OF THE COLLATERAL, AND AS MICHAEL FELDMAN HAS EXPLAINED, LEAVE FUTURE FLEXIBILITY FOR THIS LONG-TERM STRUCTURE. TO ADDRESS ROCCO'S CONCERN THAT THE PROVINCE AND OPG COULD CHANGE THE UNDERLYING OBLIGATIONS APPLICABLE TO ADHERENCE IN RELATION TO A NEW OBLIGATION, REQUIREMENT OR PROCESS IN THE PROCESS AGREEMENT THAT WOULD MAKE A REFINANCING LESS LIKELY TO OCCUR, WE HAVE ADDED AND USED IN THE ATTACHED VERSION A NEW DEFFINTION:

> "Approved Refinancing" means a Certified Primary Obligation proposed to be incurred as a Refinancing of an existing Certified Primary Obligation in respect of which the Adherence Conditions had been satisfied on the date such existing Certified Primary Obligation was incurred, that, at the time of incurrence, satisfies each of each of the Adherence Conditions except that the certificate contemplated to be delivered under Section 4.02(b) shall instead confirm that OPG has delivered to the Province a certificate by its applicable officers confirming that OPG would be in compliance with all obligations to the Province and internal requirements and processes in connection with the adherence of the Limited Guarantee to the proposed Certified Primary Obligation that applied as between the Province and OPG on the date of issuance of such existing Certified Primary Obligation." Various references to "Refinancing" in the Protection Agreement can also be revised to refer to

"Approved Refinancing", as required.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

<image003.gif>

Blake, Cassels & Graydon LLP
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blakes.com[blakes.com] | **Twitter**[twitter.com] | **Unsubscribe**[blakes.com]

Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents
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From: Sebastiano, Rocco [mailto:RSebastiano@osler.com]
Sent: Wednesday, December 06, 2017 7:45 PM
To: Mansoori, Nina; ASHBOURNE, STEPHEN; VINER, JON; PRESTAGE, JA
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Milligan, Peter; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka
Subject: RE: Fair Hydro -- Change of Law Process Agreement

I have reviewed the revised draft of the Change of Law Process Agreement that Torys has prepared and would like to pass along the following comments/observations:

1. The change of the definition of Breach Event in Section 6.01 (i.e., the change to clause (a) and the addition of clause (b)) will result in an inconsistency with section 7.01(b) of the Change of Law Protection Agreement. This will require further

consideration.

2. The right of the Province to issue an objection notice under Section 3.04(b) in connection with a Transaction Document provided to the Province which is required for a Refinancing of an Approved Obligation remains an outstanding issue. Clearly, this will depend upon what Adherence Conditions will be required under Section 4.02 of the Change of Law Protection Agreement in order to permit such Refinancing to become an Approved Obligation. If the Adherence Conditions set out in Section 4.02(a) of the Province's draft of the Change of Law Protection Agreement of December 4 were to apply to such Refinancing, to the extent that such refinancing required a change to a Transaction Document (e.g., as a result of a change to some rating agency condition or criteria), the Province's ability to issue an objection notice and thereby prevent the issuance of a Process Certificate under Section 3.01 (by virtue of Section 3.04) would have the effect of preventing a Refinancing. We trust that this was an unintended outcome of the drafting of Section 3.04 and/or the Adherence Conditions applicable to Refinancings.

3. Given that the Indenture Trustee is not a party to the Change of Law Process Agreement, the Province and OPG can amend the terms and conditions of this agreement without the consent of the indenture Trustee. Specified Creditors under an Approved Obligation need to be assured that the Province cannot prevent a Refinancing of an Approved Obligation either by virtue of the objection notice discussed in point #2 above or as a result of a future amendment to the agreement. There are a couple of ways to deal with this point. The first is to a add a beneficiary/third party rights clause in the Change of Law Process Agreement which acknowledges that the Indenture Trustee is a beneficiary of certain provisions of this agreement and as a result, the agreement cannot be amended without the consent of the Indenture Trustee. The second is to ensure that the Adherence Conditions relating to Refinancings under the Change of Law Protection Agreement are not dependent upon the terms of the Change of Law Process Agreement. In light of the desire to not disclose the terms and conditions of the Change of Law Process Agreement to the rating agencies, especially at this late stage in the process, we would expect that the latter approach would be preferable.

Regards, Rocco

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: Wednesday, December 06, 2017 4:38 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>;

'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Mansoori, Nina <nmansoori@torys.com>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>
Subject: Fair Hydro -- Change of Law Process Agreement

Blakes team,

Please find attached OPG and Torys' comments on the Process Agreement reflecting our discussions from yesterday's call. Please note that this draft is subject to continuing review and comment by Osler and the dealers. As discussed at the tail end of our call yesterday, the section in the Process Agreement that gives the Province the right to object to new and material changes to transaction documents dovetails with the Protection Agreement so additional comments from Oslers may be forthcoming on this draft.

We are working on getting you a revised draft of the Protection Agreement either later today or tomorrow. In the meantime, please let us know if you have any comments or questions on the Process Agreement.

Best Regards,
Nina

Nina Mansoori
P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

<image004.jpg>[torys.com]

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<TOR_2528-#23239360-v29-Change_of_Law_Protection_Agreement.DOCX>

<23239360-vpdf-Change of Law Protection Agreement.PDF>

From: Gadi Mayman
To: Mike Manning
Cc: Ken Kandeepan; Ronald Kwan; Anna Strathy
Subject: Re: Fair Hydro - Change of Law Protection Agreement
Date: Tuesday, December 12, 2017 3:41:19 PM

Congratulations. Ken, any update on that? Also, I assume the same thing has to be done with the process agreement to get it in a place where it can get signed by the Ministers at the same time as the protection agreement?

On Dec 12, 2017, at 3:38 PM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:

> I think meeting was very successful, only outstanding is material effect and waiting for accounting feedback.
>
> Mike
>
> ---
>
> **From:** Gadi Mayman
> **Sent:** Tuesday, December 12, 2017 3:37 PM
> **To:** Mike Manning <Mike.Manning@ofina.on.ca>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject:** Fwd: Fair Hydro - Change of Law Protection Agreement
>
> Hi Mike, am I reading too much into assuming that the 2:30 meeting was successful?
>
> Begin forwarded message:
>
> > **From:** "Ramchandani, Rima" <rramchandani@torys.com>
> > **Date:** December 12, 2017 at 3:28:33 PM EST
> > **To:** "'ASHBOURNE, STEPHEN'" <STEPHEN.ASHBOURNE@blakes.com>, "Milligan, Peter" <PMilligan@osler.com>, "Saulnier, Brett" <bsaulnier@torys.com>, "Sebastiano, Rocco" <RSebastiano@osler.com>, "Mansoori, Nina" <nmansoori@torys.com>
> > **Cc:** 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>, 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>, 'Anna Strathy' <Anna.Strathy@ofina.on.ca>, "'Veinot, Cindy (TBS)'" <Cindy.Veinot@ontario.ca>, "'McKinlay, Tom (MAG)'" <Tom.McKinlay@ontario.ca>, "'Donaldson, Mark (TBS)'" <Mark.Donaldson@ontario.ca>, "'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'" <Daniel.Cayley@ontario.ca>, "'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'" <Alena.Thouin@ontario.ca>, "'LEE John -TREASURY'" <john.s.lee@opg.com>, 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>, 'HAHN PARKER Janet -TREASURY'

<j.hahnparker@opg.com>, "'MAUTI John -FIN & C CTRL'" <john.mauti@opg.com>, 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>, "Feldman, Michael" <mfeldman@torys.com>, "'WONG Leslie -LAWDIV'" <leslie.wong@opg.com>, "Fullerton, Rick" <RFullerton@osler.com>, "'Mayman, Gadi (OFA)'" <Gadi.Mayman@ofina.on.ca>, "'Manning, Mike (OFA)'" <Mike.Manning@ofina.on.ca>, "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>, "'ian.benaiah@rbccm.com'" <ian.benaiah@rbccm.com>, "'Khan, Nur (nur.khan@rbccm.com)'" <nur.khan@rbccm.com>, "'brent.r.taylor@rbccm.com'" <brent.r.taylor@rbccm.com>, "'katrina.niehaus@gs.com'" <katrina.niehaus@gs.com>, "'brian.delaney@gs.com'" <brian.delaney@gs.com>, "'Maciel, Andrew'" <Andrew.Maciel@cibc.com>, "'Adalja, Sunil'" <Sunil.Adalja@cibc.com>, "'Persad, Nicole'" <Nicole.Persad@cibc.com>, "'Persaud, Donnie - Debt Capital Markets'" <Donnie.Persaud@cibc.com>, "'Steen Hume (CAB)'" <Steen.Hume@ontario.ca>, "Olusoga, Yinka" <yolusoga@torys.com>, "Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca)" <Tobias.Whitfield@ontario.ca>, "PALMER, AARON" <AARON.PALMER@blakes.com>, "VINER, JON" <JON.VINER@blakes.com>, "PRESTAGE, JA" <JA.PRESTAGE@blakes.com>

Subject: RE: Fair Hydro - Change of Law Protection Agreement

Attached is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the Blakes draft circulated below. Except for the definition of "Material Effect", we believe this draft to be in final form and would ask that each of Blakes and Osler please confirm their sign off as soon as possible.

Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-12-17 2:09 PM
To: Milligan, Peter <PMilligan@osler.com>; Saulnier, Brett <bsaulnier@torys.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY)

(Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May -TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Here is my mark-up of the matters raised by Oslers, in today's mark-ups of during our call this morning. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Tuesday, December 12, 2017 1:43 PM
To: Saulnier, Brett; ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina
Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Olusoga, Yinka; Whitfield, Tobias P. (MOF)

(Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Further to our call this morning, attached is a comparison document showing our comments on "Post-Suspension Refinancing" and "Protection Event".

We will comment on Material Effect after we see what comes back from the accountants.

Peter

From: Milligan, Peter
Sent: Tuesday, December 12, 2017 9:09 AM
To: 'Saulnier, Brett' <bsaulnier@torys.com>; ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May - TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>;

Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached are changed pages with my comments on the Change of Law Protection Agreement. This does not represent input from any dealer. I will follow up to see if the dealers have any additional comments but given the plan to have a call at 10, I pass along these comments now.

Peter

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: Monday, December 11, 2017 11:35 PM
To: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>; Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May - TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike (OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets'

<Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

All,

Attached for your review is a revised draft of the Change of Law Protection Agreement, clean and blacklined to the last version circulated by Blakes and reflecting the meetings held earlier today. As discussed, we need to provide the attached to the rating agencies **by no later than noon tomorrow** in order to meet our end of year financing deadline. Accordingly, we will be circulating a calendar invite to this group for 10 a.m. tomorrow morning to confirm the parties are signed off. If Osler or Blakes have any comments on the attached, we would ask that they be circulated to this group prior to the 10 a.m. call.

Kind regards,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: December-08-17 3:16 PM
To: Milligan, Peter <PMilligan@osler.com>; Sebastiano, Rocco <RSebastiano@osler.com>; Mansoori, Nina <nmansoori@torys.com>
Cc: 'Ken Kandeepan' <Ken.Kandeepan@ofina.on.ca>; 'LADAK Lubna - TREASURY' <lubna.ladak@opg.com>; 'Anna Strathy' <Anna.Strathy@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; 'McKinlay, Tom (MAG)' <Tom.McKinlay@ontario.ca>; 'Donaldson, Mark (TBS)' <Mark.Donaldson@ontario.ca>; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)' <Daniel.Cayley@ontario.ca>; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)' <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; 'MAUTI John -FIN & C CTRL' <john.mauti@opg.com>; 'LAURETA LAPIRA May - TREASURY' <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Fullerton, Rick <RFullerton@osler.com>; 'Mayman, Gadi (OFA)' <Gadi.Mayman@ofina.on.ca>; 'Manning, Mike

(OFA)' <Mike.Manning@ofina.on.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; 'Maciel, Andrew' <Andrew.Maciel@cibc.com>; 'Adalja, Sunil' <Sunil.Adalja@cibc.com>; 'Persad, Nicole' <Nicole.Persad@cibc.com>; 'Persaud, Donnie - Debt Capital Markets' <Donnie.Persaud@cibc.com>; 'Steen Hume (CAB)' <Steen.Hume@ontario.ca>; Saulnier, Brett <bsaulnier@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca) <Tobias.Whitfield@ontario.ca>; PALMER, AARON <AARON.PALMER@blakes.com>; VINER, JON <JON.VINER@blakes.com>; PRESTAGE, JA <JA.PRESTAGE@blakes.com>
Subject: RE: Fair Hydro - Change of Law Protection Agreement

Hi,

Attached is a revised version of the Change of Law Protection Agreement. I believe that most of the changes reflected from last night's Osler version (blackline is attached) are of a drafting or conforming nature, other than: (1) the Province disagrees that Approved Refinancing terms should be unfettered by adherence conditions post-Suspension Event and (2) the proposed rating-based "materially and adversely" qualification in the definition of Protection Event (and in fact any such qualification) is not acceptable to the Province. With regard to (1), this version comes into line with the proposed approach (i.e., using a modified adherence condition) that was incorporated into the version of the Change of Law Process Agreement I circulated yesterday. A further turn of that Agreement, to conform the open item identified in section 3.02 to the revised Change of Law Protection Agreement, is also included here for your reference.

Please note that the Province is working through the drafting concurrently and so further drafting comments may be provided.

As mentioned yesterday, the Province would like to proceed with the Ministers sign-off briefing early next week, on the basis that these versions (minus the explanatory notes) are now in substantially final form. Please identify if you believe there are other 'must have' points (other than the 2 mentioned above).

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Milligan, Peter [mailto:PMilligan@osler.com]
Sent: Thursday, December 07, 2017 6:44 PM
To: ASHBOURNE, STEPHEN; Sebastiano, Rocco; Mansoori, Nina

Cc: 'Ken Kandeepan'; 'LADAK Lubna -TREASURY'; 'Anna Strathy'; 'Veinot, Cindy (TBS)'; 'McKinlay, Tom (MAG)'; 'Donaldson, Mark (TBS)'; 'Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca)'; 'Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca)'; Ramchandani, Rima; 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'HAHN PARKER Janet -TREASURY'; 'MAUTI John -FIN & C CTRL'; 'LAURETA LAPIRA May -TREASURY'; Feldman, Michael; 'WONG Leslie -LAWDIV'; Fullerton, Rick; 'Mayman, Gadi (OFA)'; 'Manning, Mike (OFA)'; 'Hanslep, Malle (MOF)'; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; 'Maciel, Andrew'; 'Adalja, Sunil'; 'Persad, Nicole'; 'Persaud, Donnie - Debt Capital Markets'; 'Steen Hume (CAB)'; Saulnier, Brett; Olusoga, Yinka; Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); PALMER, AARON; VINER, JON; PRESTAGE, JA
Subject: Fair Hydro - Change of Law Protection Agreement

All,

Attached is a revised comment draft of the Change of Low Protection Agreement reflecting comments from Torys and Osler. In order to meet this transaction's timeline, this comment draft has not been reviewed by OPG or the Dealers and is delivered subject to any comments they may have.

Peter

From: Ramchandani, Rima
To: Malle Hanslep (MOF)
Cc: Mansoori, Nina; Tobias P. Whitfield (MOF); LEE John -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV; Feldman, Michael; Olusoga, Yinka; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS); Thouin, Alena (ENERGY); Tom McKinlay (MAG); STEPHEN.ASHBOURNE@blakes.com; LADAK Lubna -TREASURY; Emes, Aaron; Hill, Krista
Subject: Re: Fair Hydro -- Change of Law Assumption Agreement
Date: Monday, October 23, 2017 7:32:01 PM

Hi Malle, we have asked Osler to accelerate circulation of the draft supplemental indenture for the long term debt — we hope to have that by mid-week and will send it you on receipt. As with the supp for the short term debt, the draft will not have been reviewed by Torys or OPG but in the interests of time, we will circulate it to you concurrently. We will also start including you on any circulations of revised drafts of the other agreements. Unless we hear differently, we will include you, Toby, Alena and Steve.

Regarding timing, we understand that the short term facility would close very soon after the long term issuance (from a workload perspective, we are treating them as closing almost concurrently). Closing of the long term debt is targeted for the first week of December and closing of the short term debt is targeted for the second week of December. Marketing of the long-term debt would occur in late November but only once we have concluded the rating agency process. The dealers have advised us that the rating agencies will be interested in understanding the change of law agreement in particular, which is why we have been focused on having that agreement circulated and substantially settled with the dealers and their counsel as soon as possible.

Please feel free to reach out if you would like to discuss live.

Thanks,
Rima

Sent from my iPhone

On Oct 22, 2017, at 9:43 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi Nina,

We do think that it is important for the wording of the protection agreement to appropriately encompass the financing and various instruments that are to be guaranteed by the Province should one of the events as set out in the term sheet occur. The Province has not determined whether the approach suggested to separate the two documents is appropriate. If it is the proposed long term financing that is planned to be done by year-end and there is a desire to substantially settle the terms of the Protection Agreement by the early November, I don't understand why a draft of the long term financing supplemental indenture would not be available for review yet.

When is it expected that the warehousing facility would be put in place?

Thanks.

Malle

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
-----Original Message-----
From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 21, 2017 11:28 PM
To: Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>'; 'LADAK Lubna -TREASURY'; Emes, Aaron; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thanks for your email. Based on the term sheet, since the Province isn't guaranteeing the obligations under these agreements but only stepping in if there is a change of law "protection event", we did not expect the drafting of the Change of Law Protection Agreement would be implicated by these other agreements (particularly now that we have proposed dealing with the Province's approval of the various program agreements in a separate procedures document). We also understand that in order to be in a position to close on a financing before year end, the Change of Law Protection Agreement needs to be substantially settled by early November. If that is still the case, then we expect the dealers and their counsel will need to see a draft in this coming week.

In the interest of time, we have attached an initial draft of the supplemental indenture for the warehouse facility which, as noted previously, has not yet been reviewed by OPG and Torys. The supplemental for the long term financing will be a simpler document - with mechanics for issuing the notes and pricing information but likely no additional covenants and events of default and no drawdown mechanics like the warehouse facility.

We will start copying the Province and Blakes on circulations of all documents going forward. Please let us know if the entire team on this email should be copied or only Blakes and the Provincial legal team.

Best Regards,
Nina

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

Torys LLP
79 Wellington St. W., 30th Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIFaQ&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYquIJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=sbu_p8OttsPQRPadChDRIbHIoCrQxJTl22iorpzkiNU&s=tdFqw549DmUgmTmQHRGWEIME2OuGyuE6wfKjw4uutvg&e=>

-----Original Message-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-21-17 8:53 AM
To: Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Cc: 'LEE John -TREASURY' <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca>>; Devine, James (OFA) <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Cengarle, John (MOF) <John.Cengarle@ontario.ca<mailto:John.Cengarle@ontario.ca>>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>; He, Gavin (OFA) <Gavin.He@ofina.on.ca<mailto:Gavin.He@ofina.on.ca>>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca<mailto:Anis.Hirani@ofina.on.ca>>; Kim, John (OFA) <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Emes, Aaron <aemes@torys.com<mailto:aemes@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Subject: Re: Fair Hydro -- Change of Law Assumption Agreement

Nina,

We are working on a draft of the Change of Law Protection Agreement, but cannot complete the drafting until we have seen a draft of the Supplemental Indenture and the other instruments that are to be guaranteed.

We are also working on drafting some responses and comments to your comments from Wednesday on the approval process document, and will get back to you with those soon.

Best

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
Phone: 416-325-1456
From: Mansoori, Nina
Sent: Friday, October 20, 2017 10:23 AM
To: Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>'; 'LADAK Lubna -TREASURY'; Emes, Aaron; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

In the interest of time, we have drafted a procedures agreement incorporating the approval mechanics we circulated below. As noted in previous correspondence, we think the approval process should be the subject of a separate agreement and not included in the Change of Law Protection Agreement you are drafting. Please note that the attached remains subject to the continuing review of OPG and Torys.

Can you please also let us know when we can expect to see a draft of the Change of Law Protection Agreement?

Many thanks,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
From: Mansoori, Nina
Sent: October-18-17 9:53 AM
To: 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
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Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com><mailto:nmansoori@torys.com>>
Cc: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com><mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com><mailto:ken.ryfa@opg.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com><mailto:leslie.wong@opg.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com><mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com><mailto:mfeldman@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com><mailto:yolusoga@torys.com>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca><mailto:Mark.Donaldson@ontario.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca><mailto:Mike.Manning@ofina.on.ca>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca><mailto:Gadi.Mayman@ofina.on.ca>>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca><mailto:Ronald.Kwan@ofina.on.ca>>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca><mailto:Ken.Kandeepan@ofina.on.ca>>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca><mailto:Scott.Nelms@ontario.ca>>; Devine, James (OFA) <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca><mailto:James.Devine@ofina.on.ca>>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca><mailto:Carlos.Yep@ofina.on.ca>>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca><mailto:Anna.Strathy@ofina.on.ca>>; Cengarle, John (MOF) <John.Cengarle@ontario.ca<mailto:John.Cengarle@ontario.ca><mailto:John.Cengarle@ontario.ca>>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca><mailto:Ronald.Kwan@ofina.on.ca>>; Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca><mailto:Keley.Katona@ontario.ca>>; He, Gavin (OFA) <Gavin.He@ofina.on.ca<mailto:Gavin.He@ofina.on.ca><mailto:Gavin.He@ofina.on.ca>>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca<mailto:Anis.Hirani@ofina.on.ca><mailto:Anis.Hirani@ofina.on.ca>>; Kim, John (OFA) <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca><mailto:John.Kim@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca><mailto:Cindy.Veinot@ontario.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca><mailto:Malle.Hanslep@ontario.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca><mailto:Alena.Thouin@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca><mailto:Tom.McKinlay@ontario.ca>>; 'STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com><mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com><mailto:lubna.ladak@opg.com>>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
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From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>'; 'LADAK Lubna -TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence -that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt -the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts) -the negative pledge with respect to the exercise of certain options on the debt -the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

* The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
* In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

* Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
* We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
* There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
* We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

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Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

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From: Ramchandani, Rima [mailto:rramchandani@torys.com]
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To: 'STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

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From: Ramchandani, Rima
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Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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From: Mike Manning
To: Ken Kandeepan
Cc: James Devine; Carlos Yep; Ronald Kwan; John Kim; John Psinas
Subject: Re: Fair Hydro -- Change of Law Assumption Agreement
Date: Monday, October 23, 2017 6:14:36 PM

Agree, we should probably re-assess where we are fairly shortly.
Mike

Sent from my iPad

On Oct 23, 2017, at 4:33 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Hi Mike and others
>
> Not sure if you had an opportunity to review this but I did go through quickly and if you read past all of the legal terms and conditions including the language it seems to set out a reasonable process for the Province's review of debt issues by the Financing Entity to ensure that they fall within the terms and conditions of the Protection Agreement.
>
> Page 5 details what will be provided to us prior to each issuance, maybe we can have a discussion with MOF Legal and Steve Ashbourne.
>
> Thanks
>
> Ken k
>
> ---
>
> **From:** Mansoori, Nina [mailto:nmansoori@torys.com]
> **Sent:** Friday, October 20, 2017 10:23 AM
> **To:** Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
> **Cc:** 'LEE John -TREASURY' <john.s.lee@opg.com>; 'RYFA Ken -TREASURY' <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; 'Cengarle, John (MOF)' <John.Cengarle@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anis Hirani <Anis.Hirani@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com'

<STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; Emes, Aaron <aemes@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

In the interest of time, we have drafted a procedures agreement incorporating the approval mechanics we circulated below. As noted in previous correspondence, we think the approval process should be the subject of a separate agreement and not included in the Change of Law Protection Agreement you are drafting. Please note that the attached remains subject to the continuing review of OPG and Torys.

Can you please also let us know when we can expect to see a draft of the Change of Law Protection Agreement?

Many thanks,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Mansoori, Nina
Sent: October-18-17 9:53 AM
To: 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement

(blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence

-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded?

Please advise why taxes are being excluded?

- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie - LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield

Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims

relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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<Change of Law Procedures Agreement - Fair Hydro.DOCX>

From: Whitfield, Tobias P. (MOF)
To: Mansoori, Nina
Cc: "LEE John -TREASURY"; "RYFA Ken -TREASURY"; "WONG Leslie -LAWDIV"; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Mark Donaldson (MOF); Mike Manning; Gadi Mayman; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Anna Strathy; Cengarle, John (MOF); Ronald Kwan; Keley Katona (ENERGY); Gavin He; Anis Hirani; John Kim; Veinot, Cindy (TBS); Malle Hanslep (MOF); Thouin, Alena (ENERGY); Tom McKinlay (MAG); "STEPHEN.ASHBOURNE@blakes.com"; "LADAK Lubna -TREASURY"; Emes, Aaron; Mansoori, Nina
Subject: Re: Fair Hydro -- Change of Law Assumption Agreement
Date: Saturday, October 21, 2017 8:52:44 AM

Nina,

We are working on a draft of the Change of Law Protection Agreement, but cannot complete the drafting until we have seen a draft of the Supplemental Indenture and the other instruments that are to be guaranteed.

We are also working on drafting some responses and comments to your comments from Wednesday on the approval process document, and will get back to you with those soon.

Best

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456
From: Mansoori, Nina
Sent: Friday, October 20, 2017 10:23 AM
To: Whitfield, Tobias P. (MOF)
Cc: 'LEE John -TREASURY'; 'RYFA Ken -TREASURY'; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'; Emes, Aaron; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

In the interest of time, we have drafted a procedures agreement incorporating the approval mechanics we circulated below. As noted in previous correspondence, we think the approval process should be the subject of a separate agreement and not included in the Change of Law Protection Agreement you are drafting. Please note that the attached remains subject to the continuing review of OPG and Torys.

Can you please also let us know when we can expect to see a draft of the Change of Law Protection Agreement?

Many thanks,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
From: Mansoori, Nina
Sent: October-18-17 9:53 AM
To: 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Cc: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Olusoga, Yinka <yolusoga@torys.com<mailto:yolusoga@torys.com>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca>>; Devine, James (OFA) <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Cengarle, John (MOF) <John.Cengarle@ontario.ca<mailto:John.Cengarle@ontario.ca>>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>; He, Gavin (OFA) <Gavin.He@ofina.on.ca<mailto:Gavin.He@ofina.on.ca>>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca<mailto:Anis.Hirani@ofina.on.ca>>; Kim, John (OFA) <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

* The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
* In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

* Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
* We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
* There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
* We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca>>; Devine, James (OFA) <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Cengarle, John (MOF) <John.Cengarle@ontario.ca<mailto:John.Cengarle@ontario.ca>>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>; He, Gavin (OFA) <Gavin.He@ofina.on.ca<mailto:Gavin.He@ofina.on.ca>>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca<mailto:Anis.Hirani@ofina.on.ca>>; Kim, John (OFA) <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
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Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

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[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com_&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYquIJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=0m2mxmBrHhbQoM9lloEQVHaVVOxEZK5H3fUNZIYPPFA&s=mET3YHNedPGse5q3Ml8RdFyz7m60MT01nZiygt1q-VE&e= >

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
Cc: LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the

application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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From: Ken Kandeepan
To: Ronald Kwan
Cc: Gadi Mayman; Mike Manning; Anna Strathy
Subject: Re: Fair Hydro -- Change of Law Assumption Agreement
Date: Thursday, October 19, 2017 11:17:23 AM

Ron is correct, essentially if the protection agreement kicks in the Province assumes responsibility for all payments to swap counterparties.

Thanks

Ken k

On Oct 19, 2017, at 10:30 AM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi Gadi,
>
> Mike and Ken may have more to add, but I believe the TB submission noted the following (emphasis added):
>
> > In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time. The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. *In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make*.
>
> Ron
>
> ---
>
> **From:** Gadi Mayman
> **Sent:** October-19-17 09:28
> **To:** Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject:** Fwd: Fair Hydro -- Change of Law Assumption Agreement
>
> I see in Nina's email a reference to ISDA. Are we, under the change of law assumption agreement, guaranteeing any swaps that OPG trust may enter?
>
> Begin forwarded message:

From: "Mansoori, Nina" <nmansoori@torys.com>
Date: October 19, 2017 at 9:17:25 AM EDT
To: "'Hanslep, Malle (MOF)'" <Malle.Hanslep@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>, "Ramchandani, Rima" <rramchandani@torys.com>, "Feldman, Michael" <mfeldman@torys.com>, "Olusoga, Yinka" <yolusoga@torys.com>, "Donaldson, Mark (TBS)" <Mark.Donaldson@ontario.ca>, "Manning, Mike (OFA)" <Mike.Manning@ofina.on.ca>, "Mayman, Gadi (OFA)" <Gadi.Mayman@ofina.on.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Nelms, Scott (MOF)" <Scott.Nelms@ontario.ca>, "Devine, James (OFA)" <James.Devine@ofina.on.ca>, "Yep, Carlos (OFA)" <Carlos.Yep@ofina.on.ca>, "Strathy, Anna (OFA)" <Anna.Strathy@ofina.on.ca>, "Cengarle, John (MOF)" <John.Cengarle@ontario.ca>, "Kwan, Ronald (OFA)" <Ronald.Kwan@ofina.on.ca>, "Katona, Keley (MOF)" <Keley.Katona@ontario.ca>, "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>, "Hirani, Anis (OFA)" <Anis.Hirani@ofina.on.ca>, "Kim, John (OFA)" <John.Kim@ofina.on.ca>, "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "'STEPHEN.ASHBOURNE@blakes.com'" <STEPHEN.ASHBOURNE@blakes.com>, "'LADAK Lubna -TREASURY'" <lubna.ladak@opg.com>, "Whitfield, Tobias P. (MOF)" <Tobias.Whitfield@ontario.ca>, "Mansoori, Nina" <nmansoori@torys.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good Morning Malle,

In terms of Program Agreements, here is an update:

-we have previously circulated the MTI and MTSA to Blakes. Both of these agreements are in mid-turn but we will send you the next circulation of these agreements once available.
-we received an initial draft supplemental for the warehouse facility on Tuesday from the dealers' counsel. We have not yet reviewed it nor have we discussed it with Oslers so we will send you the next circulation of this document.
-I am attaching the most current versions of the Declaration of Trust and the Management Agreement (which are subject to the continuing review of the working group).
-we'll have a form of ISDA Schedule to you soon.
-we don't expect to have a substantially advanced draft of the OM to share until November.

Please let me know if you have any questions.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: October-18-17 7:02 PM
To: Mansoori, Nina <nmansoori@torys.com>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Hi Nina,

We will be reviewing your comments and mark-up.

On a related point, do you have available yet drafts of any of the other agreements that will be required in connection with a proposed issuance by the financing entity and that we have previously discussed and requested copies of such as a draft supplemental indenture, draft disclosure documents, drafts of other

agreements referenced in the master trust indenture to the extent they would be used in or related to an issuance by the Financing Entity etc. The Protection Agreement is proposed to work in the context of these other agreements and this would provide a better context for review by the Province. If they are not yet available, when are they expected to be available?

Thank you.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 18, 2017 9:53 AM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the

requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna - TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:

E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

<!--[if !supportLists]-->? <!--[endif]-->The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.

<!--[if !supportLists]-->? <!--[endif]-->In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the

interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

<!--[if !supportLists]-->? <!--[endif]-->Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.

<!--[if !supportLists]-->? <!--[endif]-->We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?

<!--[if !supportLists]-->? <!--[endif]-->There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.

<!--[if !supportLists]-->? <!--[endif]-->We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>;

Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

<image001.jpg>[torys.com]

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM

To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;
(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program

Documents.

P. 416.865.7666

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intended recipient, please contact the sender immediately, and permanently delete this email and attachments.

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<Fair Hydro - Management Agreement (DRAFT).pdf>

<Fair Hydro - Declaration of Trust (DRAFT).pdf>

From: Ken Kandeepan
To: Anna Strathy
Cc: Ronald Kwan; Mike Manning; Usman Zahid
Subject: Re: Fair Hydro -- Change of Law Assumption Agreement
Date: Wednesday, October 25, 2017 3:42:36 PM

I have FES sign off from 10 to 12 pm tomorrow, I can go around 11 so good if the meeting is scheduled from 9.30 or so

On Oct 25, 2017, at 2:59 PM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:

> Hi Ron, Ken, Mike,
>
> Toby has asked me to set up a meeting to discuss the attached discussion document drafted by Stephen Ashbourne. Toby and Malle have a preference for tomorrow morning, but I wanted to choose a time that would be convenient for all three of you. Any preferences for tomorrow morning/afternoon or Friday?
>
> Thanks, Anna
>
> ---
>
> **From:** Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
> **Sent:** Wednesday, October 25, 2017 1:05 PM
> **To:** Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Cc:** Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
> **Subject:** RE: Fair Hydro -- Change of Law Assumption Agreement
>
> Anna – can you please set up a meeting to discuss the Agreement and the questions we circulated yesterday?
>
> It would be helpful if we can make sure that decision makers are there and able to give some direction. Maybe it is worthwhile canvassing Gadi, Mike and Ken about whether they will be able to attend/who should attend in order to be able to give direction on our response/next steps.
>
> Thanks
> Toby
>
> Tobias Whitfield
> Counsel, Legal Services Branch
> Ministry of Finance
> tobias.whitfield@ontario.ca
> Phone: 416-325-1456
>
> ---
>
> **From:** Whitfield, Tobias P. (MOF)
> **Sent:** October 24, 2017 1:00 PM
> **To:** Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Veinot, Cindy (TBS); Strathy, Anna (OFA); Manning, Mike (OFA); Kwan, Ronald (OFA); Nelms, Scott

(MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Gavaris, Hresa (OFA); John Psinas
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Further to OPG's response to our proposals, please find attached a discussion document drafted by our outside legal counsel Stephen Ashbourne and based on discussions amongst our Provincial legal teams.

This document sets out a number of questions that we need to consider and answer in order to respond to OPG with the Province's position.

A meeting amongst this group would be useful to discuss these issues and to inform a response to OPG.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 18, 2017 9:53 AM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'; Mansoori, Nina
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby – further to discussions between OPG and the Province, please find attached comments on the draft proposal under the Change of Law Protection Agreement (blacklined to the draft circulated below). The attached reflects our comments from accounting, operational and financeability perspectives. In particular, the financeability of the program will turn on whether there is a clear and concise way for investors to determine that an incurrence of funding obligations will be covered under the Change of Law Protection Agreement and that, once confirmed, the confirmation is irrevocable. Accordingly, we have proposed in the attached that a simple confirmation from OPG to a third party binds the Province in respect of the incurrence of the applicable funding obligations provided that OPG has satisfied the requirements of the approval process (which we propose be the subject of a separate procedures agreement or memo). Please note that the attached remains subject to the review of the working group including the dealers and the rating agencies.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: October-13-17 4:47 PM
To: Mansoori, Nina <nmansoori@torys.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Olusoga, Yinka <yolusoga@torys.com>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LADAK Lubna -TREASURY' <lubna.ladak@opg.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Please find attached our comments on your response of October 6. We have moved the text of your email to the attached document and responded inline in square brackets for ease of review.

We recognize that we are running out of time, and that we should discuss and move this forward at the beginning of next week.

We also generally recognize that, although there are still some gaps in our respective approaches, we would find it helpful to have some more specific suggestions and comments on our Sept. 27 draft in order to help move this forward. This might include also the timing issues, with some indication of where, if OPG finds the timing does not work, some alternatives can be suggested for consideration.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: October 6, 2017 5:58 PM
To: Whitfield, Tobias P. (MOF)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Ramchandani, Rima; Feldman, Michael; Olusoga, Yinka; Donaldson, Mark (TBS); Manning, Mike (OFA); Mayman, Gadi (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Strathy, Anna (OFA); Cengarle, John (MOF); Kwan, Ronald (OFA); Katona, Keley (MOF); He, Gavin (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); Hanslep, Malle (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); 'STEPHEN.ASHBOURNE@blakes.com'; 'LADAK Lubna -TREASURY'
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Toby,

Thank you for your draft proposal; we have set out below our conceptual comments and concerns on it. Please note that the points below remain subject to the continuing review of OPG. Please also note that we have not yet sought the dealers' views on the proposal. We think it is premature to do so until we settle these points amongst ourselves and a revised draft of the proposal is circulated reflecting our agreement.

As further discussed below, your proposal deviates in some key ways from what we proposed in our email of September 19 (attached) and raises the accounting and operational issues we tried to avoid in the September 19th proposal. Given the need to settle the Protection Agreement as soon as possible, we'd appreciate if we could discuss these points early next week.

Best Regards,
Nina

Accounting Issues:
E&Y has concerns from an accounting perspective with the level of Provincial oversight and input on certain parts of the process, namely:

-that OPG will likely have to go back to the Province on each incurrence of debt and they will have to do so prior to that incurrence
-that OPG must certify and provide a lot of detailed reporting with respect to each incurrence of debt
-the level of frequency of reporting in general (not just the certifications/information noted above but also the contemplated annual forecasts and quarterly updates of those forecasts)
-the negative pledge with respect to the exercise of certain options on the debt
-the fact that OPG must give notice to the Province when incurring funding obligations that are expressly excluded from the Protection Agreement

Taken as a whole, we understand that E&Y sees all of this as the Province exerting a

level of control on the debt that no typical guarantor would have. Please also advise if the Province's accountants have reviewed the proposal.

Practical Issues:

- The procedural steps to bind the Province are lengthy and complicated. From our perspective, as drafted, OPG will likely have to seek Provincial approval on each debt issuance (which weakens the accounting as discussed above). The dealers and their counsel will have a reaction to the proposed adherence conditions but query whether there is value in setting out the adherence conditions in the Protection Agreement itself. Setting aside the mechanics of how we get there, the dealers want comfort that the incurrence of obligations by the financing entity will be covered by the Protection Agreement. We would propose that the mechanics of any approval process (once we settle the terms of that process) be the subject of a separate procedures agreement or memo from the Province to OPG, whereby the Province delegates to OPG the ability to bind the Province under the Protection Agreement with respect to an incurrence of obligations so long as the adherence conditions in the procedures agreement or memo have been met. The Protection Agreement would then simply state that, upon OPG certifying to the indenture trustee that the adherence conditions have been satisfied under the procedures agreement/memo, the Province will be deemed to be bound under the Protection Agreement with respect to the specific obligations incurred at the time of the certification.
- In addition to the accounting concerns, the level of detail and frequency of reporting required present timing and operational issues. For example, as part of the adherence conditions, you are asking for details on the interest rate. However, pricing will in part be driven off whether that specific incurrence will have the benefits of the Protection Agreement.

Drafting Issues:

- Please refer to the existing terminology of the Act to ensure there is certainty on the obligations covered under the Protection Agreement. We think the best way for you to approach this would be to refer to all finance amounts and then expressly carve out what you are proposing not be covered.
- We'd like to understand the reason OPG's management fees have been excluded. We assume you do not intend for OPG's reimbursement costs (costs incurred by OPG on behalf of the Financing Entity) to be excluded? Please advise why taxes are being excluded?
- There are a few references to "exceed the maximum amount specified therefor in the applicable governing document". Please advise what is being contemplated here.
- We have a number of other drafting comments which we'll revisit once we've settled on the conceptual points above and have reviewed a revised draft of the document.

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-27-17 4:21 PM
To: Ramchandani, Rima <rramchandani@torys.com>; Feldman, Michael <mfeldman@torys.com>; Mansoori, Nina <nmansoori@torys.com>; 'WONG Leslie - LAWDIV' <leslie.wong@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hirani, Anis (OFA) <Anis.Hirani@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>
Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Rima,

Further to our earlier conversations, please find attached our proposed process for confirmation of application of the Protection Agreement.

We would be happy to discuss further when you have had a chance to review.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: September 25, 2017 12:21 PM
To: 'STEPHEN.ASHBOURNE@blakes.com'; Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY)
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; 'WONG Leslie -LAWDIV'; Feldman, Michael; Mansoori, Nina

Subject: RE: Fair Hydro -- Change of Law Assumption Agreement

Good morning all, just following up on our email below. Please let us know when we should expect your feedback.

Many thanks,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com

From: Ramchandani, Rima
Sent: September-19-17 9:55 PM
To: 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'Whitfield, Tobias P. (MOF)' <Tobias.Whitfield@ontario.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'WONG Leslie -LAWDIV' <leslie.wong@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; Mansoori, Nina <nmansoori@torys.com>
Subject: Fair Hydro -- Change of Law Assumption Agreement

Steve, Malle and Toby, further to our meeting the other day, set out below for your review is a proposal on the Provincial approval process under the Change of Law Assumption Agreement. Once we have your feedback on this, we will need to share it with Osler and the accountants and as John mentioned, we are under some time pressure to bring this to a resolution prior to the upcoming June 29 OPG Board meeting. We look forward to your comments, and feel free to reach out if you have any questions. -- Rima

Obligor Approval

The Change of Law Assumption Agreement will apply to all Specified Claims relating to Funding Obligations that are incurred by an Eligible Financing Entity in accordance with the Obligor's approval process. The definition of Specified Claims to be mutually agreed by all parties.

In order for a Financing Entity to become designated as an Eligible Financing Entity by the Obligor, prior to the initial issuance of Funding Obligations by such Financing Entity, the Obligor will be provided with copies of the following documents (collectively the "Program Documents") for review:

(i) the constating documents of such Financing Entity;
(ii) the management agreement between the Financing Entity and OPG;

(iii) the master transfer and servicing agreement between the Financing Entity and the IESO;
(iv) the master trust indenture governing the issuance of Funding Obligations by the Financing Entity;
(v) a form of supplemental indenture governing the issuance of bonds, issuable in series, by the Financing Entity;
(vi) a form of note purchase agreement or credit agreement governing the issuance of short term Funding Obligations by the Financing Entity;
(vii) a form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; and
(viii) such other documents as may be requested by the Obligor.

Once a Financing Entity is designated by the Obligor as an Eligible Financing Entity, it will not be necessary for the Obligor to approve the documentation related to specific issuances of Funding Obligations; however, OPG will be expected to notify the Obligor of any new material program documentation or any material amendments to existing program documentation before such new documentation or amendments become effective. The failure of OPG to provide any such notice will not invalidate the application of the Change of Law Assumption Agreement to any Specified Claims.

It will not be necessary for the Obligor to approve each new issuance of Funding Obligations provided that such Funding Obligations are issued in accordance with following:

(1) The Funding Obligations are issued in accordance with agreements that contain: (a) covenants of the Eligible Financing Entity that are no more onerous in any material respect and (b) events of default that are consistent in all material respects, respectively, with the covenants of the Eligible Financing Entity and events of default contained in the draft Program Documents.

(2) At least [30 days] prior to the initial issuance of Funding Obligations by an Eligible Financing Entity, OPG will provide the Obligor with a forecast of the principal amount and expected term of the Funding Obligations that OPG expects such Eligible Financing Entity to issue in accordance with the Financing Plan in the next two years (a "Two Year Forecast"). The execution of the Change of Law Assumption Agreement in respect of such Eligible Financing Entity shall constitute the Obligor's approval of the issuance of Funding Obligations by such Eligible Financing Entity in accordance with the Two Year Forecast.

(3) OPG shall provide the Obligor with an updated Two Year Forecast between 9 and 12 months prior to the expiry of each current Two Year Forecast.

(4) Unless the Obligor provides OPG with a written notice no later than 3 months prior to the date following receipt of the current Two Year Forecast that the Change of Law Assumption Agreement will be inapplicable with respect to new Funding Obligations incurred following the expiry of the current Two Year Forecast, the Obligor will be deemed to approve the application of the Change of Law Assumption Agreement to all Funding Obligations incurred up to the expiry of the new Two Year Forecast.

At the time of issuance of Funding Obligations by an Eligible Financing Entity, the Financing Entity will provide (i) any required certifications to the underwriters/agents that such Funding Obligations are covered by the Change of Law Assumption Agreement; and (ii) notice to the Obligor of the material terms of the Funding Obligations issued, together with electronic copies of the final executed Program Documents.

P. 416.865.7666

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<12917730-v1-Questions (Adherence Conditions).docx>

From: Ronald Kwan
To: Gadi Mayman; Anna Strathy
Subject: Re: Fair Hydro -- Revised MTSA and IESO Security Agreement
Date: Thursday, October 26, 2017 4:29:26 PM

Hi Gadi, Anna,

I was just noticing that Toby's email included the draft IESO Security Agreement.

We'll have to take a closer look, but I noticed this wording in 3.1(a) on **Covenants**:

The Grantor (IESO) hereby covenants and agrees with the Secured Party (Financing entity) as follows:
Not to pay any other obligations of the Grantor at any time when its Statutory Obligation to pay Carrying Costs is in arrears, except to the extent that such other obligations are satisfied from amounts payable to the Grantor pursuant to Appropriations.

(Where "Appropriations" is defined as under the FAA.)

If there is a carve out for appropriations in this instance, why not otherwise (though, in theory, if the intercept were ever invoked, IESO wouldn't be getting the appropriations).

Ron

From: Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>
Sent: October 26, 2017 1:55 PM
To: Anna Strathy; Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Hresa Gavaris; John Psinas
Subject: FW: Fair Hydro -- Revised MTSA and IESO Security Agreement

FYI, Please see attached additional and revised documentation from OPG, including:

1 – Master Transfer and Servicing Agreement;
2 – IESO Security Agreement;
3 – Master Trust Indenture; and
4 – ISDA Schedule

We are still waiting on the Supplemental Indenture for the term debt.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance

tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ramchandani, Rima [mailto:rramchandani@torys.com]
Sent: October 25, 2017 12:12 PM
To: Mansoori, Nina; Thouin, Alena (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); STEPHEN.ASHBOURNE@blakes.com
Cc: Feldman, Michael; Olusoga, Yinka; Saulnier, Brett; Ramchandani, Rima; WONG Leslie -LAWDIV; 'LEE John -TREASURY'; RYFA Ken -TREASURY
Subject: RE: Fair Hydro -- Revised MTSA and IESO Security Agreement

Malle and team, attached is a revised draft of the MTSA (clean and blacklined to the prior draft circulated to Steve), together with an initial draft of the IESO security agreement (as a reminder, in order to achieve a AAA rating in light of the moratorium period, it has been proposed that IESO enter into this security agreement in favour of the financing entity as security for the performance of its regulatory obligation to pay carrying costs during the moratorium).

FYI, these documents are currently under review by the IESO and Stikeman.

Rima

Rima Ramchandani

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Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

From: Mansoori, Nina
Sent: October-24-17 5:21 PM
To: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; 'Hanslep, Malle (MOF)' <Malle.Hanslep@ontario.ca>; Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; STEPHEN.ASHBOURNE@blakes.com
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Subject: RE: Fair Hydro -- Form of ISDA Schedule

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Nina

Nina Mansoori
P. 416.865.7332

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From: Ronald Kwan
To: John Kim
Subject: Re: Fair Hydro -- Revised MTSA and IESO Security Agreement
Date: Thursday, October 26, 2017 4:19:37 PM

Hi John,

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Ron

From: John Kim
Sent: October 26, 2017 4:15 PM
To: Ronald Kwan
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Hi Ron,

Are you thinking that our appropriation per the Intercept Provision under OFA Lending Policy is excluded?

John

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Rima

Rima Ramchandani

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From: Ronald Kwan
To: John Kim
Subject: Re: Fair Hydro -- Revised MTSA and IESO Security Agreement
Date: Thursday, October 26, 2017 4:06:03 PM

Hi John,

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Sent: October 26, 2017 3:58 PM
To: John Kim
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From: Ronald Kwan
To: John Kim
Subject: Re: Fair Hydro -- Revised MTSA and IESO Security Agreement
Date: Thursday, October 26, 2017 4:48:05 PM

Hi John,

I think we are saying essentially the same thing in the end, except you wrote it better, since I missed a word ("why"), now added in below.

Ron

From: John Kim
Sent: October 26, 2017 4:23 PM
To: Ronald Kwan
Subject: RE: Fair Hydro -- Revised MTSA and IESO Security Agreement

Hi Ron,

I am reading more along the line that if OPG is allowing IESO to use the appropriation for its intended purpose then they are essentially saying that operating appropriations are sacred as in you go use it to survive.

But you know my English is very second language….

John

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From:	Gadi Mayman
To:	Mike Manning; Ken Kandeepan; Ronald Kwan; John Kim; Carlos Yep; James Devine
Cc:	Anna Strathy
Subject:	Re: For our discussion
Date:	Thursday, November 09, 2017 4:55:26 PM

Malle and I just went over this and had a good discussion. She's going to share this list with Steve and talk to him about what we think is important and what isn't. Mike and I had a conversation just before I spoke to Malle, and the Force Majeure may not be an issue after his conversation with John Lee, and Malle felt that having the Trustee sign the agreement was important. As for the rest, she will have to give it some thought and analysis.

Thanks for all of your help on this.

Gadi

From: Gadi Mayman
Sent: Thursday, November 9, 2017 4:32 PM
To: Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Cc: Anna Strathy; Mike Manning; Ken Kandeepan; Ronald Kwan
Subject: For our discussion

Process Agreement

- 2.01 Deliveries to the Province
  - No concerns with removing PILS/tax language
- 2.02 Covenants
  - First use of *commercially reasonable efforts* and then throughout
  - Need legal opinion on whether to change to *best efforts*
- 2.02 (b) (iv) Province to review any description of the protection agreement
  - No concerns with this deletion
  - OPG likely to use boilerplate description of the guarantee
- 2.02 (c) Indemnity
  - No concerns, likely a requirement for OPG Board
- 4.01 Protection Agreement Maximum
  - CRITICAL – we can be flexible on the wording but we can't agree to removing Provincial approval of a maximum – compromise option would be to use the Financing Plan number as the Protection Agreement Maximum, the plan will be reviewed by MOE and the assumptions rigorously vetted.
  - Subject to OPCD review/input
- 5.02 Reps and Warranties of the Province
  - No concerns

Protection Agreement

- Need to review the Indemnity Agreement
- 1.17 References to the Financing Entity
  - No concerns with removing Trustee
- 2.09c Modifications of Approved Obligations
  - Why not seek consent of the Province when changing its obligations?
- Article V
  - Edit title to ***Provincial*** *Matters*
- 5.01 Assignment and Subrogation
  - Why remove the subrogation after the Province has taken on the obligations?
- 7.04 Release of All Collateral
  - What is meant by collateral? Would it include sinking funds? If it does, the Province should get the sinking funds, not leave them with OPG
- 9.07 Force Majeure
  - Why remove the Force Majeure clause?

From: Ken Kandeepan
To: Gadi Mayman
Cc: Mike Manning; Ronald Kwan; Anna Strathy
Subject: Re: Hi can you pls call me
Date: Monday, December 11, 2017 10:30:24 PM

NP Gadi, so Torys' expects to turn around the protection agreement tomorrow morning and assuming our counsel are ok with the revised version, OPG is expecting our sign off in the morning as well.

With regard to the process agreement, I have requested the OPG accountants to run the language that we came up tonight by E&Y to ensure we are all on the same page.

Cindy will also get back to me tomorrow AM and brief me on her discussion with John Mauti and if necessary E&Y as well. This will ensure that what we are doing is confirmed independently as well.

Thanks

Ken k

On Dec 11, 2017, at 9:46 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Excellent. I'm very sorry that this has ruined your day and evening well into the night. I'm sure your families will appreciate it if you take a day off later this week or next week in exchange for your work tonight.
>
> On Dec 11, 2017, at 9:41 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
>
> > Yes we appear to have a solution but I need to run that by Cindy tomorrow and given that it will finalize the process agreement he is ok.
> >
> > Ken k
> >
> > On Dec 11, 2017, at 9:15 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
> >
> > > Is John Lee OK - will this meet his timelines for the rating agencies and getting the warehouse done?
> > >
> > > On Dec 11, 2017, at 9:08 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
> > >
> > > > Not really, there's an accounting issue that I need to discuss with Cindy which is the last

item on the process agreement.

If I can't get to her tonight will do so tomorrow and finalize that agreement thereafter.

Thanks

Ken k

On Dec 11, 2017, at 8:25 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Good work, thanks very much. Is there anything that you need me for, or would I just be an irritant at this point? Feel free to call my cell; I'm not driving anymore.
>
> On Dec 11, 2017, at 8:19 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
>
> > The protection agreement is almost done. We should start the process agreement shortly, I expect that should hopefully go faster.
> >
> > Ken k
> >
> > On Dec 11, 2017, at 8:09 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
> >
> > > How's it going? Are you done,

or close to it?

On Dec 11, 2017, at 5:40 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

We are caucusing so the others also want to talk to you

647-202-4373

From: Gadi Mayman
To: Ken Kandeepan
Cc: Mike Manning; Ronald Kwan; Anna Strathy
Subject: Re: Hi can you pls call me
Date: Monday, December 11, 2017 9:46:09 PM

Excellent. I'm very sorry that this has ruined your day and evening well into the night. I'm sure your families will appreciate it if you take a day off later this week or next week in exchange for your work tonight.

On Dec 11, 2017, at 9:41 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

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> > > We are caucusing so the others also want to talk to you
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> > > 647-202-4373

From: Ken Kandeepan
To: Gadi Mayman
Cc: Mike Manning; Ronald Kwan; Anna Strathy
Subject: Re: Hi can you pls call me
Date: Monday, December 11, 2017 9:41:08 PM

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Ken k

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To: Ken Kandeepan
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Subject: Re: Hi can you pls call me
Date: Monday, December 11, 2017 9:15:07 PM

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Subject: Re: Hi can you pls call me
Date: Monday, December 11, 2017 9:08:44 PM

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From: Gadi Mayman
To: Ken Kandeepan
Cc: Mike Manning; Ronald Kwan; Anna Strathy
Subject: Re: Hi can you pls call me
Date: Monday, December 11, 2017 8:25:28 PM

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To: Gadi Mayman
Cc: Mike Manning; Ronald Kwan; Anna Strathy
Subject: Re: Hi can you pls call me
Date: Monday, December 11, 2017 8:19:49 PM

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From: Gadi Mayman
To: Ronald Kwan
Cc: Anna Strathy
Subject: Re: Hi can you pls call me
Date: Monday, December 11, 2017 10:43:03 PM

I'm not sure either is terribly uplifting, are they?

From: Ronald Kwan
Sent: Monday, December 11, 2017 10:35:33 PM
To: Gadi Mayman
Cc: Anna Strathy
Subject: Re: Hi can you pls call me

Well Gadi, for better or worse, I stayed back in the office to work on the FAO Hydro One update report and other issues. Not quite so uplifting perhaps.

Ron

On Dec 11, 2017, at 9:46 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

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the
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also
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you

647-
202-
4373

From:	Gadi Mayman
To:	Jonathan Tekle (CAB)
Cc:	Patrick Laughton (MOF); Ronald Kwan; Ken Kandeepan; Mike Manning; Usman Zahid; Tobias P. Whitfield (MOF); Mark Donaldson (MOF); Tim Christie (ENERGY); Thouin, Alena (ENERGY); Hosick, Sarah (TBS); Malle Hanslep (MOF); Hilary Cox (ENE); Tom McKinlay (MAG); Anna Strathy; David McLean (MOF)
Subject:	Re: Materials | Joint Ministers Briefing | OFHP
Date:	Wednesday, November 29, 2017 11:36:29 AM

Having read OPG's deck, I wonder if the meeting would flow better if we went from Andrew's introduction to their deck, and then finish with the guarantee deck? That way Ministers could see how the financing of the OFHP will be done, and then, with that in their minds, we'd be able to take them through what they'll need to sign to allow the financing to take place and meet OPG's proposed timelines.

Gadi

On Nov 29, 2017, at 11:21 AM, Tekle, Jonathan (MOF) <Jonathan.Tekle@ontario.ca> wrote:

> Hi all,
>
> Attached is additional material for the joint Minister's briefing at noon. ENERGY will bring copies of this deck to the meeting.
>
> As far as stage management for the meeting:
>
> - Andrew will provide opening remarks
> - Overview of the Limited Guarantee from the Province
> - OPG Update on Financing Program
>
> Thanks,
> **Jonathan Tekle**
> Senior Policy Advisor, Deputy Minister's Office, Ministry of Finance
> Frost Building South, 7th Floor
> 7 Queen's Park Crescent
> Toronto, Ontario M7A 1Y7
>
> <OPG - COLPA Ministers Briefing - Nov 29 2017 v7.pptx>

From:	Gadi Mayman
To:	Mike Manning
Cc:	Malle Hanslep (MOF); Ronald Kwan; Ken Kandeepan; Tobias P. Whitfield (MOF); Scott Nelms (ENERGY); Anna Strathy
Subject:	Re: Next step on support agreement
Date:	Thursday, September 14, 2017 8:43:07 AM

John is at this meeting as well, which is why he wouldn't have called you back. I just checked with Mark and John and they will both make themselves and whomever else they need for 10 o'clock. Can someone please set up a conference call number?

> On Sep 14, 2017, at 8:24 AM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:
>
> Assuming we can meet this morning, I think OPCD participation would be critical. I have a call into John Lee and waiting for his callback.
> Mike
>
> -----Original Message-----
> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> Sent: Thursday, September 14, 2017 8:21 AM
> To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
> Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
> Subject: RE: Next step on support agreement
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> From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
> Sent: September 14, 2017 8:17 AM
> To: Manning, Mike (OFA)
> Cc: Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Nelms, Scott (MOF); Strathy, Anna (OFA)
> Subject: Re: Next step on support agreement
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From:	Gadi Mayman
To:	Ken Kandeepan
Cc:	Mike Manning; Malle Hanslep (MOF); Ronald Kwan; Tobias P. Whitfield (MOF); Scott Nelms (ENERGY); Anna Strathy
Subject:	Re: Next step on support agreement
Date:	Thursday, September 14, 2017 8:33:19 AM

Mark is at the same meeting that I am, so I copied him on the last email. He's well aware of his Deputy's expressed concern.

> On Sep 14, 2017, at 8:27 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:
>
> I will call them right now, note that Cindy is still on vacation, hopefully Mark Donaldson is available.
>
> Thanks
>
>
>
> -----Original Message-----
> From: Mike Manning
> Sent: Thursday, September 14, 2017 8:25 AM
> To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
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From:	Gadi Mayman
To:	Malle Hanslep (MOF)
Cc:	Mike Manning; Ronald Kwan; Ken Kandeepan; Tobias P. Whitfield (MOF); Scott Nelms (ENERGY); Anna Strathy; Mark Donaldson (MOF)
Subject:	Re: Next step on support agreement
Date:	Thursday, September 14, 2017 8:32:15 AM

Yes, everyone who has an interest in this should be there or on the phone, including Blakes, as the Deputy of TB just made it very clear that this has to be resolved this morning especially as this is going to TB now on the afternoon of the 25th not the 26th to accommodate their appearance at Estimates. This morning's discussion will have to be the last one on this topic.

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To:	Mike Manning
Cc:	Ronald Kwan; Ken Kandeepan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Scott Nelms (ENERGY); Anna Strathy
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Date:	Thursday, September 14, 2017 8:17:21 AM

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From:	Ken Kandeepan
To:	Mike Manning
Cc:	Gadi Mayman; Ronald Kwan; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Scott Nelms (ENERGY)
Subject:	Re: Next step on support agreement
Date:	Thursday, September 14, 2017 7:09:41 AM

I would prefer the morning if possible.

Thanks

Ken k

Sent from my iPhone

> On Sep 14, 2017, at 7:04 AM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:
>
> OPG will be sending out their newest version of the support agreement today, hopefully first thing in the morning. I don't know any of the details at this time. John Lee is proposing a working session for today to work out the details. I have asked him to come back with potential timing for the session. Given our need to resolve these issues as soon as possible, this approach seems reasonable. Please let me know if you are ok with this approach, and I will share potential timing with you as I get more details. I've asked John to share the business issues prior to the session and will update you when I get more details.
>
>
> Sent from my iPad

From: Gadi Mayman
To: Anna Strathy
Cc: Mike Manning; Ronald Kwan; Ken Kandeepan
Subject: Re: Next step on support agreement
Date: Thursday, September 14, 2017 9:10:32 AM

And if Mike, Ken and Ron can come to my office at 9:50, Ron and I can describe the meeting we were just at.

> On Sep 14, 2017, at 9:08 AM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:
>
> I'll do that.
>
> -----Original Message-----
> From: Gadi Mayman
> Sent: Thursday, September 14, 2017 8:43 AM
> To: Mike Manning <Mike.Manning@ofina.on.ca>
> Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
> Subject: Re: Next step on support agreement
>
> John is at this meeting as well, which is why he wouldn't have called you back. I just checked with Mark and John and they will both make themselves and whomever else they need for 10 o'clock. Can someone please set up a conference call number?
>
>> On Sep 14, 2017, at 8:24 AM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:
>>
>> Assuming we can meet this morning, I think OPCD participation would be critical. I have a call into John Lee and waiting for his callback.
>> Mike
>>
>> -----Original Message-----
>> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
>> Sent: Thursday, September 14, 2017 8:21 AM
>> To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
>> Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
>> Subject: RE: Next step on support agreement
>>
>> Thanks. It would be helpful to know what specifically about the content of the term sheet does not meet their accounting needs. Should OPCD reps also be attending?
>>
>> -----Original Message-----
>> From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
>> Sent: September 14, 2017 8:17 AM
>> To: Manning, Mike (OFA)
>> Cc: Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Nelms, Scott (MOF); Strathy, Anna (OFA)
>> Subject: Re: Next step on support agreement
>>
>> OPG is saying that the support agreement as written doesn't meet their accounting needs. This needs to be resolved this morning, and hopefully in a manner that doesn't affect what the Minister of Energy signed off yesterday, as he is now gone. Please arrange a meeting for this morning, ideally around 10 because it must end before 11 when I have to leave for a meeting that I can't miss.

>>
>>> On Sep 14, 2017, at 7:18 AM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:
>>>
>>> I believe the Minister of Energy signed the TB submission yesterday, so, unless I'm missing something about how the TB process works, the time for discussion is over and I'm not sure what the purpose of their working session would be.
>>>
>>>> On Sep 14, 2017, at 7:04 AM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:
>>>>
>>>> OPG will be sending out their newest version of the support agreement today, hopefully first thing in the morning. I don't know any of the details at this time. John Lee is proposing a working session for today to work out the details. I have asked him to come back with potential timing for the session. Given our need to resolve these issues as soon as possible, this approach seems reasonable. Please let me know if you are ok with this approach, and I will share potential timing with you as I get more details. I've asked John to share the business issues prior to the session and will update you when I get more details.
>>>>
>>>>
>>>> Sent from my iPad
>>
>> _____
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>>

From: Ken Kandeepan
To: Ronald Kwan
Subject: Re: OFHP
Date: Monday, December 11, 2017 6:51:06 PM

Yes but fingers crossed we appear to be close to completing the Protection Agreement

On Dec 11, 2017, at 6:27 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi,
>
> Is the meeting on-going?
>
> Ron
>
> ---
>
> **From:** Ken Kandeepan
> **Sent:** December-11-17 15:53
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** Re: OFHP
>
> Quite late into the night, I expect
>
> On Dec 11, 2017, at 3:34 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
>
> > Hi Ken,
> >
> > Sure. I will try to get there a little later. How long do you expect it to last?
> >
> > Ron
> >
> > ---
> >
> > **From:** Ken Kandeepan
> > **Sent:** December-11-17 15:34
> > **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> > **Subject:** OFHP
> >
> > Ron
> >
> > My apologies, we left without telling you, we are at the Torys' boardroom on the 33 rd floor if you want to join us
> >
> > Ken k

From: Ken Kandeepan
To: Ronald Kwan
Subject: Re: OFHP
Date: Monday, December 11, 2017 3:53:14 PM

Quite late into the night, I expect

On Dec 11, 2017, at 3:34 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi Ken,
>
> Sure. I will try to get there a little later. How long do you expect it to last?
>
> Ron
>
> ---
>
> **From:** Ken Kandeepan
> **Sent:** December-11-17 15:34
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** OFHP
>
> Ron
>
> My apologies, we left without telling you, we are at the Torys' boardroom on the 33 rd floor if you want to join us
>
> Ken k

From: Ken Kandeepan
To: Ronald Kwan
Subject: Re: OFHP
Date: Monday, December 11, 2017 6:59:56 PM

That's next but I suspect it will be less complicated

On Dec 11, 2017, at 6:52 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi Ken,
>
> Glad to hear that it is nearing completion, and sad to hear that the meeting is on-going. How about the process agreement?
>
> Ron
>
> ---
>
> **From:** Ken Kandeepan
> **Sent:** December-11-17 18:51
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Subject:** Re: OFHP
>
> Yes but fingers crossed we appear to be close to completing the Protection Agreement
>
> On Dec 11, 2017, at 6:27 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
>
> > Hi,
> >
> > Is the meeting on-going?
> >
> > Ron
> >
> > ---
> >
> > **From:** Ken Kandeepan
> > **Sent:** December-11-17 15:53
> > **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> > **Subject:** Re: OFHP
> >
> > Quite late into the night, I expect
> >
> > On Dec 11, 2017, at 3:34 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
> >
> > > Hi Ken,
> > >
> > > Sure. I will try to get there a little later. How long do you expect it to last?

Ron

From: Ken Kandeepan
Sent: December-11-17 15:34
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: OFHP

Ron

My apologies, we left without telling you, we are at the Torys' boardroom on the 33 rd floor if you want to join us

Ken k

From: Gadi Mayman
To: Malle Hanslep (MOF)
Cc: ASHBOURNE, STEPHEN; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Subject: Re: Passcode is 5801207#
Date: Tuesday, November 21, 2017 5:09:08 PM

Yes, thanks.

On Nov 21, 2017, at 5:08 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi all,
>
> Steve is going to circulate the mark up to the meeting attendees and suggest a start time of 5:45.
>
> Does that work?
>
> Malle
>
> -----Original Message-----
> From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
> Sent: November 21, 2017 4:57 PM
> To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
> Subject: RE: Passcode is 5801207#
>
> Just off a call with Peter Milligan. I think there are answers to the concerns, as he expressed them to me. Basically, he's focused on the "refinancing" scenario, and I walked him through our intention on the point. On "adherence conditions", he's focused on a minimum $ amount being issued to avoid small issuances that fall through the "adherence" cracks. I said I think the documentation process will not be that fluid and that the documents are very disciplined, so that even small incurrences will involve a process - but that we would here the point out with the group when we meet. Let's delay the Torys meeting, or do it by phone. I think it would be most productive if we could get our mark-up done before, which will take another 30 minutes or so. Steve
>
> Stephen R. Ashbourne
> Partner
> stephen.ashbourne@blakes.com
> Dir: 416-863-3086
>
> -----Original Message-----
> From: Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
> Sent: Tuesday, November 21, 2017 4:36 PM
> To: ASHBOURNE, STEPHEN; Malle Hanslep (MOF); Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
> Subject: Re: Passcode is 5801207#
>
> That's fine with me, but the only constraint is that I have a very hard deadline of 8 pm that I have to leave by, so hopefully let's not delay this for too long. At worst, maybe you and Peter could have a side meeting at Tory's office before the bigger group convenes.
>
> _____
> From: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
> Sent: Tuesday, November 21, 2017 4:33:48 PM
> To: Malle Hanslep (MOF); Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
> Cc: Ken Kandeepan
> Subject: RE: Passcode is 5801207#
>
> I left Peter Milligan a voicemail on the subject and asked him to call back. I suggest postponing the 5 meeting until we are ready and understand the issues. Let's give Peter 10 minutes to call back before moving on?
>
> Stephen R. Ashbourne
> Partner
> stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
> Dir: 416-863-3086
>
> _____
>
> [cid:imagef99212.GIF@6ddfd300.4fb8bf2e]
>
> Blake, Cassels & Graydon LLP
> 199 Bay Street, Suite 4000, Toronto ON M5L 1A9
> Tel: 416-863-2400 Fax: 416-863-2653
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> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Tuesday, November 21, 2017 4:04 PM
To: Mayman, Gadi (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Kandeepan, Ken (OFA)
Subject: Passcode is 5801207#

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From:	Gadi Mayman
To:	ASHBOURNE, STEPHEN; Malle Hanslep (MOF); Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Subject:	Re: Passcode is 5801207#
Date:	Tuesday, November 21, 2017 4:36:24 PM

That's fine with me, but the only constraint is that I have a very hard deadline of 8 pm that I have to leave by, so hopefully let's not delay this for too long. At worst, maybe you and Peter could have a side meeting at Tory's office before the bigger group convenes.

From: ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com>
Sent: Tuesday, November 21, 2017 4:33:48 PM
To: Malle Hanslep (MOF); Gadi Mayman; Mike Manning; Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan
Cc: Ken Kandeepan
Subject: RE: Passcode is 5801207#

I left Peter Milligan a voicemail on the subject and asked him to call back. I suggest postponing the 5 meeting until we are ready and understand the issues. Let's give Peter 10 minutes to call back before moving on?

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, November 21, 2017 4:04 PM
To: Mayman, Gadi (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Kandeepan, Ken (OFA)
Subject: Passcode is 5801207#

Malle Hanslep

Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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From: Gadi Mayman
To: Malle Hanslep (MOF); Anna Strathy
Cc: Mike Manning; Ken Kandeepan; Ronald Kwan
Subject: Re: Passcode is 5801207#
Date: Tuesday, November 21, 2017 5:13:10 PM

Malle or Anna, has someone let the people from Energy that are calling into the meeting that it's delayed to 5:45?

On Nov 21, 2017, at 5:08 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi all,
>
> Steve is going to circulate the mark up to the meeting attendees and suggest a start time of 5:45.
>
> Does that work?
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> Malle
>
> -----Original Message-----
> From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
> Sent: November 21, 2017 4:57 PM
> To: Mayman, Gadi (OFA); Hanslep, Malle (MOF); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
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> Partner
> stephen.ashbourne@blakes.com
> Dir: 416-863-3086
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> Subject: Re: Passcode is 5801207#
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> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]

Sent: Tuesday, November 21, 2017 4:04 PM
To: Mayman, Gadi (OFA); Manning, Mike (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); ASHBOURNE, STEPHEN; Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Kandeepan, Ken (OFA)
Subject: Passcode is 5801207#

Malle Hanslep
Deputy Director
Ministry of the Attorney General
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From: Ronald Kwan
To: Anna Strathy
Subject: Re: Possible DM Briefing on Monday
Date: Monday, November 20, 2017 11:16:17 AM

Hi Anna,

Where is the meeting?

Thanks,
Ron

On Nov 20, 2017, at 10:21 AM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:

> Thank you. I'll be there in person as well.
>
> Please let me know if anyone plans to call in so that I can let the room know who is on the phone.
>
> ---
>
> **From:** Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> **Sent:** Monday, November 20, 2017 10:20 AM
> **To:** Anna Strathy <Anna.Strathy@ofina.on.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
> **Subject:** RE: Possible DM Briefing on Monday
>
> Hi – I accepted the meeting for noon and will be attending in person.
>
> ---
>
> **From:** Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
> **Sent:** November 20, 2017 9:44 AM
> **To:** Hanslep, Malle (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Whitfield, Tobias P. (MOF)
> **Cc:** Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
> **Subject:** RE: Possible DM Briefing on Monday
>
> Hi Malle, I'm not aware if that's been arranged. Perhaps Mike or Ken could weigh in – did John Lee indicate that he would provide an update?
>
> ---
>
> **From:** Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> **Sent:** Monday, November 20, 2017 9:43 AM
> **To:** Anna Strathy <Anna.Strathy@ofina.on.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>

Subject: RE: Possible DM Briefing on Monday

Thanks Anna. Is it expected that we will receive feedback from OPG after their committee meeting?

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 20, 2017 9:31 AM
To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: RE: Possible DM Briefing on Monday

Yes, we are waiting for the invite to be sent by the DMO. Likely to be arranged for 12pm today.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Monday, November 20, 2017 9:30 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Possible DM Briefing on Monday

Hi Anna,

Do you think the proposed meeting will be taking place today?

Malle

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 17, 2017 4:13 PM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: Possible DM Briefing on Monday

Stephen, Malle, Toby,

Just a head's up, our DMO will likely be organizing another meeting with the three Deputies (Finance, TBS, Energy), on Monday, November 20, likely sometime between 11am and 12:30pm and likely somewhere in Macdonald Block (900 Bay Street). The purpose of Monday's meeting will be to bring everyone up to speed on the outstanding issues on the Protection/Process Agreements. I expect an invite to follow, but you may want to hold that time in your calendars for now.

Thank you,

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

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From:	Hanslep, Malle (MOF)
To:	Anna Strathy; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tobias P. Whitfield (MOF)
Cc:	Ken Kandeepan; Ronald Kwan; Mike Manning
Subject:	Re: Possible DM Briefing on Monday
Date:	Friday, November 17, 2017 4:15:47 PM

Thanks. I will keep that open.

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Anna Strathy
Sent: Friday, November 17, 2017 16:13
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: Possible DM Briefing on Monday

Stephen, Malle, Toby,

Just a head's up, our DMO will likely be organizing another meeting with the three Deputies (Finance, TBS, Energy), on Monday, November 20, likely sometime between 11am and 12:30pm and likely somewhere in Macdonald Block (900 Bay Street). The purpose of Monday's meeting will be to bring everyone up to speed on the outstanding issues on the Protection/Process Agreements. I expect an invite to follow, but you may want to hold that time in your calendars for now.

Thank you,

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca<mailto:anna.strathy@ofina.on.ca>

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From: Ronald Kwan
To: Anna Strathy
Subject: Re: Possible DM Briefing on Monday
Date: Monday, November 20, 2017 11:32:06 AM

Thanks Anna.

Ron

On Nov 20, 2017, at 11:16 AM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:

> Just sent you the invite. Serge's office.
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Monday, November 20, 2017 11:16 AM
> **To:** Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject:** Re: Possible DM Briefing on Monday
>
> Hi Anna,
>
> Where is the meeting?
>
> Thanks,
> Ron
>
> On Nov 20, 2017, at 10:21 AM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:
>
> > Thank you. I'll be there in person as well.
> >
> > Please let me know if anyone plans to call in so that I can let the room know who is on the phone.
> >
> > ---
> >
> > **From:** Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> > **Sent:** Monday, November 20, 2017 10:20 AM
> > **To:** Anna Strathy <Anna.Strathy@ofina.on.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
> > **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
> > **Subject:** RE: Possible DM Briefing on Monday
> >
> > Hi – I accepted the meeting for noon and will be attending in person.
> >
> > ---

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 20, 2017 9:44 AM
To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: RE: Possible DM Briefing on Monday

Hi Malle, I'm not aware if that's been arranged. Perhaps Mike or Ken could weigh in – did John Lee indicate that he would provide an update?

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Monday, November 20, 2017 9:43 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Possible DM Briefing on Monday

Thanks Anna. Is it expected that we will receive feedback from OPG after their committee meeting?

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 20, 2017 9:31 AM
To: Hanslep, Malle (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: RE: Possible DM Briefing on Monday

Yes, we are waiting for the invite to be sent by the DMO. Likely to be arranged for 12pm today.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Monday, November 20, 2017 9:30 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Possible DM Briefing on Monday

Hi Anna,

Do you think the proposed meeting will be taking place today?

Malle

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 17, 2017 4:13 PM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA)
Subject: Possible DM Briefing on Monday

Stephen, Malle, Toby,

Just a head's up, our DMO will likely be organizing another meeting with the three Deputies (Finance, TBS, Energy), on Monday, November 20, likely sometime between 11am and 12:30pm and likely somewhere in Macdonald Block (900 Bay Street). The purpose of Monday's meeting will be to bring everyone up to speed on the outstanding issues on the Protection/Process Agreements. I expect an invite to follow, but you may want to hold that time in your calendars for now.

Thank you,

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

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From: Ronald Kwan
To: Gavin He
Cc: Usman Zahid
Subject: Re: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC
Date: Thursday, September 21, 2017 2:43:17 PM

Thanks Gavin.

Ron

On Sep 21, 2017, at 2:18 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ron,
>
> I have put a placeholder on your calendar for Monday.
>
> Regards,
> Gavin He
>
> ---
>
> **From:** Anna Strathy
> **Sent:** Thursday, September 21, 2017 2:16 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Cc:** Gavin He <Gavin.He@ofina.on.ca>
> **Subject:** FW: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC
>
> Ken, Mike, Ron,
>
> The latest draft of the TB Assessment note is attached. I don't expect this to change again between now and the meeting on Monday.
>
> The TB/MBC meeting is scheduled to run from 3-6pm on Monday, September 25, 2017. While the official agenda isn't out as yet, unofficially the item is scheduled for 3:20pm. It's in the TB/MBC Boardroom first floor Frost South.
>
> I would recommend planning to arrive just before 3:00pm. I will let you know as soon as I receive the final agenda.
>
> Anna
>
> ---
>
> **From:** Strang, James (TBS) [mailto:James.Strang@ontario.ca]
> **Sent:** Thursday, September 21, 2017 2:13 PM
> **To:** Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
> **Cc:** Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS)

<Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>
Subject: RE: Provincial Protection Agreement (Fair Hydro Plan) - Sept 25 TB/MBC

Hi, attached is a revised note that includes feedback from OPCD and an additional minute following Chair's pre-brief to have a report back with the final accounting/legal/financial risk opinions.

Thanks in advance,

James Strang
416-327-2071

From: Whitfield, Tobias P. (MOF)
To: Ramchandani, Rima; Hill, Krista; "STEPHEN.ASHBOURNE@blakes.com"; "LEE John -TREASURY"; Feldman, Michael; RYFA Ken -TREASURY
Cc: Gavin He; Hosick, Sarah (TBS); Cengarle, John (MOF); John Kim; Anna Strathy; Malle Hanslep (MOF); Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); Mike Manning; Gadi Mayman; Mark Donaldson (MOF); Keley Katona (ENERGY); Tom McKinlay (MAG); Thouin, Alena (ENERGY); "Milligan, Peter"; Sebastiano, Rocco; Fullerton, Rick; Smith, Elliot; Ramchandani, Rima; Mansoori, Nina; Emes, Aaron
Subject: Re: Provincial Protection Agreement
Date: Thursday, September 14, 2017 8:51:30 PM

Thanks, Rima.

We have started working on a draft agreement for discussion based on the term sheet.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456
From: Ramchandani, Rima
Sent: Thursday, September 14, 2017 6:41 PM
To: Whitfield, Tobias P. (MOF); Hill, Krista; 'STEPHEN.ASHBOURNE@blakes.com'; 'LEE John -TREASURY'; Feldman, Michael; RYFA Ken -TREASURY
Cc: He, Gavin (OFA); Hosick, Sarah (TBS); Cengarle, John (MOF); Kim, John (OFA); Strathy, Anna (OFA); Hanslep, Malle (MOF); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Manning, Mike (OFA); Mayman, Gadi (OFA); Donaldson, Mark (TBS); Katona, Keley (MOF); McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY); 'Milligan, Peter'; Sebastiano, Rocco; Fullerton, Rick; Smith, Elliot; Ramchandani, Rima; Mansoori, Nina; Emes, Aaron
Subject: RE: Provincial Protection Agreement

Thank you Toby. Attached are a few comments from Torys on your re-draft of the term sheet (clean and blacklined to your version – please note that the formatting is not always clear on the blackline but the clean version is fine). One minor note on our comments – you will see that we reinserted the words "or amends" in para (C) of the definition of a Protection Event. If this was deleted because you view this as already being covered in para (D), then we are OK with the deletion.

Please note that the attached only represents Torys comments and does not reflect input from the dealers/Osler. we have sent the Osler Team your re-draft of the term sheet for their review and consideration and, in the interests of time, are cc'ing them on this email so they can also see our comments.

Best,
Rima

Rima Ramchandani

P. 416.865.7666 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=6KgjbY8kSAk2tOSOibENZ2Enpv86Cs5ldsEZD0HBDbk&s=chCMgNRbWmHa1U3MUJytzUb7b1pX3KEHTPq8g6AQVpI&e=>
[Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=lYqulJJnqfxO5431Uw8ghWAHz6F3PkI2znI7RPACN08&m=6KgjbY8kSAk2tOSOibENZ2Enpv86Cs5ldsEZD0HBDbk&s=chCMgNRbWmHa1U3MUJytzUb7b1pX3KEHTPq8g6AQVpI&e=>

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: September-14-17 5:00 PM
To: Hill, Krista <khill@torys.com>; 'STEPHEN.ASHBOURNE@blakes.com' <STEPHEN.ASHBOURNE@blakes.com>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Feldman, Michael <mfeldman@torys.com>; Ramchandani, Rima <rramchandani@torys.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Cengarle, John (MOF) <John.Cengarle@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Strathy, Anna (OFA) <Anna.Strathy@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; Kwan, Ronald (OFA) <Ronald.Kwan@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Nelms, Scott (MOF) <Scott.Nelms@ontario.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Katona, Keley (MOF) <Keley.Katona@ontario.ca>; McKinlay, Tom (ENERGY) <Tom.McKinlay@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: Provincial Protection Agreement

Please find attached a revised version of the Protection Agreement term sheet based on our conversation this morning.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
Phone: 416-325-1456

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From: Anna Strathy
To: Ken Kandeepan
Cc: Ronald Kwan; Mike Manning
Subject: Re: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel
Date: Monday, November 13, 2017 10:20:13 PM

I see. So this will include Energy Policy staff but not OPG and their lawyers.

--
Anna Strathy
Special Policy Advisor to the CEO
Ontario Financing Authority
416.325.8032

On Nov 13, 2017, at 8:20 PM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Hi Anna
>
> Yes since there wasn't enough times Friday to go through all of the outstanding issues
>
> Thanks
>
> Ken k
>
> On Nov 13, 2017, at 7:14 PM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:
>
> > I'm happy to set it up. Was that the decision coming out of Friday's call?
> >
> > --
> > Anna Strathy
> > Special Policy Advisor to the CEO
> > Ontario Financing Authority
> > 416.325.8032
> >
> > On Nov 13, 2017, at 6:36 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
> >
> > > Hi Anna,
> > >
> > > Would you be setting up this meeting, and, as discussed last week, would Energy policy staff be attending so that we can get an Energy policy view on some of the key outstanding items with respect to the legal agreements?
> > >
> > > Ron

From: Hanslep, Malle (MOF)
[mailto:Malle.Hanslep@ontario.ca]
Sent: November-13-17 11:35 AM
To: Tobias P. Whitfield (MOF)
<Tobias.Whitfield@ontario.ca>; Anna Strathy
<Anna.Strathy@ofina.on.ca>; Gadi Mayman
<Gadi.Mayman@ofina.on.ca>; Ken Kandeepan
<Ken.Kandeepan@ofina.on.ca>; Veinot, Cindy (TBS)
<Cindy.Veinot@ontario.ca>; Mike Manning
<Mike.Manning@ofina.on.ca>; Ronald Kwan
<Ronald.Kwan@ofina.on.ca>; Scott Nelms (ENERGY)
<Scott.Nelms@ontario.ca>; James Devine
<James.Devine@ofina.on.ca>; Carlos Yep
<Carlos.Yep@ofina.on.ca>; Cengarle, John (MOF)
<John.Cengarle@ontario.ca>; Keley Katona (ENERGY)
<Keley.Katona@ontario.ca>; Mark Donaldson (MOF)
<Mark.Donaldson@ontario.ca>; Usman Zahid
<Usman.Zahid@ofina.on.ca>; Anis Hirani
<Anis.Hirani@ofina.on.ca>; John Kim
<John.Kim@ofina.on.ca>; Tom McKinlay (MAG)
<Tom.McKinlay@ontario.ca>; Thouin, Alena (ENERGY)
<Alena.Thouin@ontario.ca>;
'stephen.ashbourne@blakes.com'
<stephen.ashbourne@blakes.com>; Hresa Gavaris
<Hresa.Gavaris@ofina.on.ca>; John Psinas
<John.Psinas@ofina.on.ca>; Steen Hume (CAB)
<Steen.Hume@ontario.ca>; Daniel Cayley (ENERGY)
<Daniel.Cayley@ontario.ca>
Subject: RE: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel

Hi all,

We have been reviewing the two agreements over the week-end and had call with Energy Legal and Blakes this morning. We understand that a meeting will be scheduled for tomorrow with the full group to get further instructions on the draft with Blakes' comments that was distributed to the group on Friday for review. We will use the drafts from Friday for the purposes of our meeting tomorrow because they outline the points for our consideration. Thanks.

Malle

From: Whitfield, Tobias P. (MOF)
Sent: November-10-17 2:00 PM
To: Strathy, Anna (OFA); Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Veinot, Cindy (TBS); Manning, Mike (OFA); Kwan, Ronald (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Gavaris, Hresa (OFA); John Psinas; Hume, Steen (ENERGY); Cayley, Daniel (ENERGY)
Subject: RE: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel

Please find attached for discussion at our meeting this afternoon Blake's comments on the OPG/Dealer's comments. There are two versions. One shows a blackline against the OPG/Dealer's comments, and the other shows a blackline against what we circulated last week. Note that Stephen has not had a chance to review these in detail, so these are preliminary comments that are subject to further consideration and discussion.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

-----Original Appointment-----
From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 10, 2017 11:06 AM
To: Anna Strathy; Whitfield, Tobias P. (MOF); Mayman, Gadi (OFA); Kandeepan, Ken (OFA); Hanslep, Malle (MOF); Veinot, Cindy (TBS); Manning, Mike (OFA); Kwan, Ronald (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com'; Gavaris, Hresa (OFA); John Psinas; Hume, Steen (ENERGY); Cayley, Daniel (ENERGY)
Subject: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel
When: November 10, 2017 4:00 PM-4:30 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Executive Boardroom, 14th Floor, 1 Dundas OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

The purpose of this meeting is to discuss, at a high-level, OPG's edits to the Protection and Process Agreements (received Wednesday evening) and discuss next steps.

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

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From: Ken Kandeepan
To: Anna Strathy
Cc: Ronald Kwan; Mike Manning
Subject: Re: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel
Date: Monday, November 13, 2017 8:20:26 PM

Hi Anna

Yes since there wasn't enough times Friday to go through all of the outstanding issues

Thanks

Ken k

On Nov 13, 2017, at 7:14 PM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:

> I'm happy to set it up. Was that the decision coming out of Friday's call?
>
> --
> Anna Strathy
> Special Policy Advisor to the CEO
> Ontario Financing Authority
> 416.325.8032
>
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> > **Sent:** November-13-17 11:35 AM
> > **To:** Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Cengarle, John (MOF)

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Best
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Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Subject: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel
When: November 10, 2017 4:00 PM-4:30 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Executive Boardroom, 14th Floor, 1 Dundas OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

The purpose of this meeting is to discuss, at a high-level, OPG's edits to the Protection and Process Agreements (received Wednesday evening) and discuss next steps.

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From: Anna Strathy
To: Ronald Kwan
Cc: Ken Kandeepan; Mike Manning
Subject: Re: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel
Date: Monday, November 13, 2017 7:14:20 PM

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Anna Strathy
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Ontario Financing Authority
416.325.8032

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From: Ken Kandeepan
To: Anna Strathy
Cc: Ronald Kwan; Mike Manning
Subject: Re: Provincial Protection and Process Agreements | OFA, OPCD, MOF, Energy, Legal Counsel
Date: Tuesday, November 14, 2017 6:47:36 AM

That is correct Anna

Ken k

On Nov 13, 2017, at 10:20 PM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:

> I see. So this will include Energy Policy staff but not OPG and their lawyers.
>
> --
> Anna Strathy
> Special Policy Advisor to the CEO
> Ontario Financing Authority
> 416.325.8032
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From:	Ronald Kwan
To:	Anna Strathy
Cc:	Gadi Mayman; Mike Manning; Ken Kandeepan
Subject:	Re: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Wednesday, September 20, 2017 11:09:01 AM
Attachments:	4 RAN MOF ENERGY - Change of Law Protection Agreement v4 (MOF & ENE comments)_Markup.doc

Hi Anna,

Sorry for the timing, but here are some suggestions to an earlier version Ken sent on to me this morning.

Ron

From: Anna Strathy
Sent: September 20, 2017 11:00 AM
To: James Strang (MOF)
Cc: Veinot, Cindy (TBS); Hosick, Sarah (TBS); Ronald Kwan; Afshin Malekzadeh (MOHLTC); Chris Skubel (MGS); Indira Komal (MCSCS); Lenna Wichenko (MCSCS); Paul Kaufman (MOHLTC); Nick Smook (MOF); Anthony Reiss (MGS); Pratima Gounden (ENERGY); Ken Kandeepan; Gadi Mayman; Mike Manning
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi James,

Please find attached, consolidated comments and edits from the OFA, Energy, and MOF Legal, as well as responses to your questions, below.

Please don't hesitate to contact me should you have any questions.

Thanks, Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Tuesday, September 19, 2017 9:36 AM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi,

Attached is a draft TB/MBC note based on draft submission version 8 (also attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.

Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

- Draft sub takes about a Change of Law Protection Agreement and identifies three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify. The working title of the agreement is the Provincial Protection Agreement; however it is still subject to change.

o Regarding the third trigger, is this in or out? If in, is there any consideration being given to the Province to narrow the very broad scope? The third trigger is in and it's been narrowed to ensure only a change that adversely impacts the ability of the Financing Entity to collect payments would trigger the protection agreement.

- What are derivative agreements? Payments under derivative agreements? Derivatives agreements are financial contracts entered into by parties to hedge financial risk associated with borrowing for example. In this particular circumstances, the Financing Entity might enter into interest rate swap agreements to hedge the interest rate payable on its issued debt.

- Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market? The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period.

- Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does the requested minute cover off s28 FAA? The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the 2 Ministers seeking the OIC in the form attached. The Minister of Finance will also be requested to approve

under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

Thanks in advance,

James Strang
416-327-2071

	TREASURY BOARD / MANAGEMENT BOARD OF CABINET REQUEST ASSESSMENT NOTE	
Ministry:	Energy & Finance	
Meeting Date:	September 26, 2017	
Agenda Class:	Discussion (In-Camera)	
Last reviewed by: ENERGY TB/MBC May 9, 2017	**Tracking to:** Fast Track Cabinet (September 27, 2017)	

Commented [KR(1]: Why is this included? Usually Cabinet or its committees are put here.

SUBMISSION TITLE:	~~Change of Law~~Provincial Protection and Assurances Agreement (Supports Ontario's Fair Hydro Plan implementation)

I. DECISION BEFORE THE BOARD

Approve the Ministries plan for implementing provisions within the ~~O~~*ntario Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by one or more financing entities established by Ontario Power Generation Inc. under the FHPA.

II. RECOMMENDATIONS

Approve the plan for implementing provisions of the ~~Ontario~~ *Fair Hydro Plan Act, 2017* (FHPA) to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc (OPG). – Under certain circumstances, the Province would pay, when due, amounts in respect of the obligations of the Financing Entity (~~E~~established by OPG)	*Approve*
Authorize that the Minister of Finance and Minister of Energy ~~to~~ provide a protection and assurance agreement, to be authorized by Order in Council under the ~~Ontario~~ *Fair Hydro Plan Act, 2017*(FHPA). – In respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out in the Provincial Protection and Assurances Indicative Term Sheet and subject to such revisions that the two Ministers acting together may determine	*Authorize*
Recommend that Cabinet approve an Order in Council (OIC), in accordance with section 5 of the ~~Ontario~~ *Fair Hydro Plan Act, 2017* (FHPA) that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province, – ~~to~~ To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and – ~~to~~ To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.	*Recommend*

Commented [ESP2]: This item is not up for approval per the TB Sub.

III. FINANCIAL SUMMARY

$ Millions	**2017-18**	**2018-19**	**2019-20**
Initiative cost requested	0.0	0.0	0.0

Initiative cost recommended	0.0	0.0	0.0
Recommended program base	0.0	0.0	0.0
Offset Recommended	0.0	0.0	0.0
Total Fiscal Impact	0.0	0.0	0.0

IV. KEY COMMENTS AND CONSIDERATIONS

Under the ~~Ontario~~ *Fair Hydro Plan Act, 2017*, (~~O~~FHPA), which enables Global Adjustments (GA) Refinancing, the Independent Electricity System Operator (IESO) will have a funding gap during the deferral period, resulting from the reduction in GA amounts collected. The legislation enables IESO to record the under-collection amount of GA in a variance account, ultimately recover this amount in the future, and ~~deems~~provides for the establishment of this under-collected amount to be a "Regulatory Asset".

The OFHPA provides for ~~the~~ IESO to sell all or a portion of the Regulatory Asset (i.e., to sell the right to recover those deferred amounts from specified consumers in the future). Under the ~~O~~FHPA, a Financing Entity (i.e., an entity established or caused to be established by OPG, as the Financial Services Manager under the ~~O~~FHPA) will purchase the regulatory asset, effectively financing the shortfall in current rates not received from the ratepayers.

To purchase the regulatory asset from IESO, the Financing Entity must borrow a portion of the funds (planned to be 51%, with other financing to come from OPG and, indirectly the Province) from the capital markets.

OPG's financial advisors have indicated that without adequate protection against legislative and judicial risk, the debt would not be financeable. OPG, therefore, has advised that the Government of Ontario provide a ~~change of law~~ protection and assurance agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.

- Providing this~~, in a May 2017 TB/MBC item reviewing proposed FHPAOntario Fair Hydro Plan legislation,~~ through Provinciale assurance and guarantee provisions~~,~~ was recommended in a May 2017 TB/MBC item reviewing the proposed FHPA.

What would trigger the protection agreement?

Ontario Financing Authority (OFA), the Ministry of Finance, Ministry of Energy and external advisors – consistent with OPG advice – recommend limiting activation of the protection agreement to the following circumstances (Appendix C provides the non-binding term sheet):

- Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the ~~O~~FHPA or new legislation that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investments interest so that it can pay its funding obligations
- A court decision that declares the ability of an OPG Financing Entity to receive amounts on its investment interest so it can pay its funding obligations to be invalid or ~~*unenforceable*~~*ultra vires*; and
- A change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or an entity controlled by the Province that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investment interest so that it can pay its funding obligations~~Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to receive amounts on its investment interest such that it can pay its specified creditors, including making payments on its debt~~

Commented [KR(3]: Why isn't Energy listed?

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Commented [KR(4]: Should it state somewhere that materiality thresholds/definitions are to be established wrt "adversely"?

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~~obligations~~.

~~*Note: this third protection event is not included in the current draft of the term sheet agreed to by Ministry of Finance staff; however, OPG is expected to continue to negotiate for its inclusion. It has been included in the TB submission, but may be removed once negotiations are complete, prior to TB/MBC consideration of this item on September 26, 2017.]*~~

….the third bullet isn't change of Law related?…

Commented [AS5]: May or may not be the result of a change of law.

Financial:

If the protection agreement is provided, the Province takes on a contingent liability. The amount of the liability would increase over the duration of Ontario's Fair Hydro Plan (OFHP) ~~the OFHP~~ and peak at approximately $20B ~~an estimated $24B to $26B~~ of debt (final cost forecasts TBC), including principal and accumulated interest.

Commented [HS(6]: This is inconsistent with the Aug 31 Submission

Thought the estimated debt # was lower?

- In the event the protection agreement is triggered, the Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

Financial (Risk) – In the event the protection agreement is triggered:

The Province would be required to pay principal and interest on debt issued by the Financing Entity and other obligations of the Financing Entity as they come due (without acceleration). The Province may also be required to pay other obligations which may include payments under derivatives agreements and to service providers. This would likely have implications for the Province's fiscal plan and appropriation requirements.

- The Province's net debt would be expected to increase by an amount equal to the contingent liability for the debt outstanding at that point in time.
- The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it will be required to make under the protection agreement. The worst case scenario would be the Province assuming the debt at its peak at which point interest on debt (IOD) expense could increase by an estimated between $0.7~~8~~B and $1.~~3~~0B per annum ~~(final cost forecasts TBC)~~, depending on the interest rate at which the Financing Entity will be able to borrow at and the total amount of borrowing (final cost forecasts TBC).
- In addition there may be additional payments on derivatives agreements and for service providers that the Province will be required to make.

The protection agreement would continue until all guaranteed obligations of the Financing Entity are fully discharged. In addition, the Province would ~~also~~ have the option to directly replace the OPG Financing Entity with respect to its outstanding rights obligations and liabilities, but if the Province decided to do so additional authority would be required.

The Ministries indicate that if the protection agreement is triggered, and the Province becomes responsible for the obligation to service and pay down the debt, that the magnitude of the fiscal impact (~~Interest On Debt (~~IOD~~)~~ expense) will depend on whether or not some portions of the OFHPA continue in some form, or not.

- For example if the ~~If the~~ payment streams from ratepayers via the collection of the Clean Energy Adjustment (CEA) continue, this would offset the debt and interest payments; however, if the CEA is ended (e.g., if the OFHPA is repealed or is determined by a court not

to be constitutional) and not replaced by another authorized charge, the incremental IOD expense would impact the Government's fiscal plan and likely takes away fiscal resources that can be otherwise used.
- Debt incurred to benefit the ratepayer becomes the responsibility of the taxpayer.

Name of analyst:	James Strang	**Phone number:**	416-325-2071
Date:	September 18, 2017	**Log number:**	
Branch / Division:	GGPR / PEMD / Treasury Board Secretariat		

APPENDIX A: PROPOSED MINUTE (UNDER DEVELOPMENT)

Approve the Ministries' plan for implementing provisions of the ~~*Ontario*~~ *Fair Hydro Plan Act, 2017* to provide protection and assurance arrangements in respect of debts, obligations, securities or undertakings associated with investment interests acquired by entities established by Ontario Power Generation Inc. In particular, that under certain circumstances the Province would pay when due amounts in respect of the obligations of the Financing Entity (Established by OPG).

In this regard,

i) Authorize that the Minister of Finance and Minister of Energy provide a protection agreement, to be authorized by Order in Council under the ~~*Ontario*~~ *Fair Hydro Plan Act, 2017* in respect of the debts, obligations, securities and undertakings of one or more OPG Financing Entities substantially reflecting the terms set out non-binding term sheet – Provincial Protection and Assurances Indicative Term Sheet including in the TB/MBC Submission, (… minuting an attachment?…or include key parameters in minute only, given request for the subject to revisions provision…) and subject to such revisions that the two ministers acting together may determine;

ii) Recommend that Cabinet approve an Order in Council, in accordance with section 5 of the FHPA~~Ontario Fair Hydro Act~~, that authorizes the Minister of Finance and the Minister of Energy, acting together on behalf of the Province,

   a) ~~to~~ To agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest; and
   b) ~~to~~ To determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity.

Commented [AS7]: Recommend referring to the attachment rather than key parameters (limit potential revisions to the term sheet)

APPENDIX B: FINANCIAL TABLES

FINANCIAL IMPACTS: CHANGES TO EXPENSE AND REVENUE					TABLE B1
		Fiscal Plan Basis			*Appropriations Basis*
$ Millions		**2017-18**	**2018-19**	**2019-20**	**2017-18**
Initiative cost recommended					
Expense changes:					
	Oper				
Expense Offset:					
	Oper				
	Oper				
Total Fiscal Impact		0.0000	0.0000	0.0000	**0.0000**

APPENDIX C: EXCERPT FROM ~~ONTARIO~~ *FAIR HYDRO PLAN ACT, 2017*

Protection and assurances

Prohibition

5 (1) No action or omission by the Board, the Minister or the Crown shall be effective to reduce, impair, postpone or terminate the obligations of specified consumers to pay amounts in respect of the clean energy adjustment or to impair or postpone the invoicing, collection or remittance of the clean energy adjustment.

Agreements

(2) The Minister and the Minister of Finance may together, with the approval of the Lieutenant Governor in Council, enter into agreements on behalf of the Province of Ontario with any person in respect of this Act, including agreements regarding the performance of the IESO or electricity vendors under this Act or related transactions.

Guarantee, indemnification

(3) The Lieutenant Governor in Council may by order,

(a) authorize the Minister and the Minister of Finance, acting together on behalf of the Province,

(i) to agree to guarantee or indemnify any debts, obligations, securities or undertakings associated with an investment interest, and

(ii) to determine terms and conditions of the guarantee or indemnity and the maximum liability for the guarantee or indemnity;

(b) specify terms and conditions that must be included in any guarantee or indemnity given by the Minister and the Minister of Finance; and

(c) specify a maximum liability for the guarantee or indemnity.

APPENDIX D: NON-BINDING TERM SHEET

Commented [AS8]: Update to Sep 18 version

APPENDIX

Provincial Protections and Assurances

Indicative Term Sheet

Ontario Fair Hydro Plan Act, 2017

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding on the parties.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the General Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are appointed by the Lieutenant Governor in Council

	makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*), in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction in a final and non-appealable judgement determines that all or a portion of the Act or the Regulation is *ultra vires* in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity and the obligations of the Financing Entity owing under the agreements under which the Specified Claim arises. The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent.

Optional Replacement:	At any time following the exercise by the Indenture Trustee of its right to require the Obligor to pay Specified Claims when due and payable, the Obligor shall be entitled (but not obligated) to replace the Financing Entity as obligor and debtor and directly assume all of the Financing Entity's outstanding obligations and liabilities. The Financing Entity (including through the Financial Services Manager) will ensure that any obligation and liabilities undertaken or assumed by it will by their terms permit such a replacement and assumption (or, if applicable, satisfaction and termination) by the Obligor without additional cost or penalty and without any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The Change of Law Protection Agreement will become effective in respect of a Specified Claim (including any modification) only after the Obligor has confirmed in writing that the Change of Law Protection Agreement applies to such Specified Claim. The Change of Law Protection Agreement will annex the applicable forms of program and series documents under which obligations of the Financing Entity may arise (e.g., including the form of trust indenture and series supplemental indenture) and set out the terms and conditions and process for obtaining the Obligor's approval and confirmation that the Change of Law Protection Agreement will apply to Specified Claims. Such approval may be made conditional on such matters as may be specified by the Obligor, including a maximum amount applicable to Specified Claims. The Province's approval of the form of any IESO/Financing Entity transfer agreement and any amendments will also be required.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.

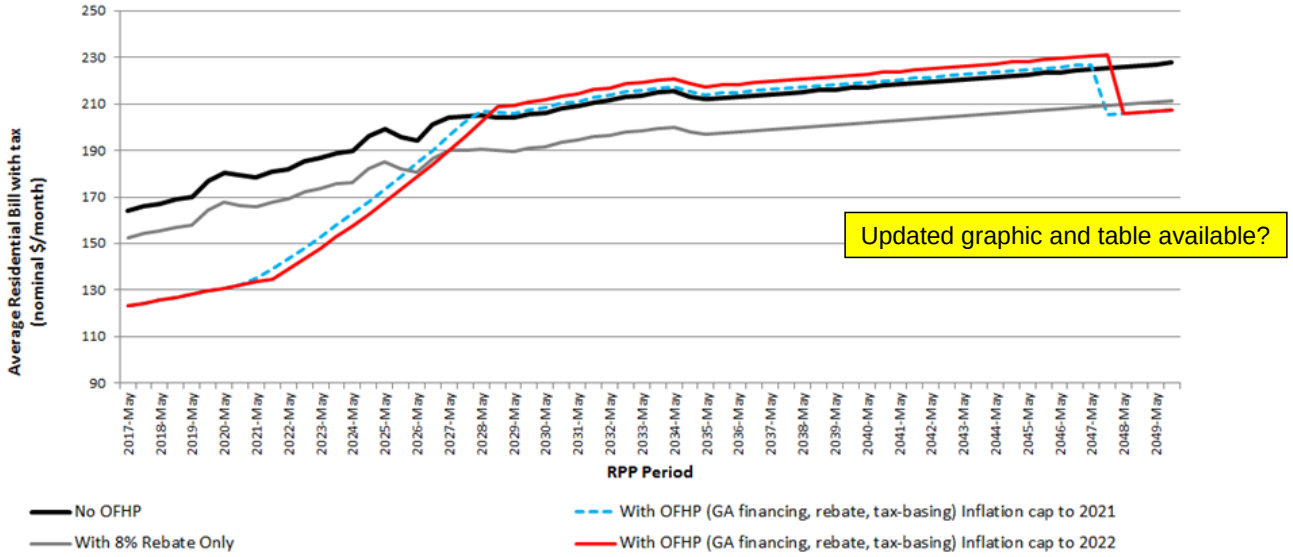
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.

APPENDIX E: PROFILE GLOBAL ADJUSTMENT SMOOTHING FOR RPP – ELIGIBLE ONLY – MAY 2017 TB/MBC SUBMISSION

Commented [HS(9]: Recommend that we don't include this reference.

The following graphic and table shows the multi-year profile of the planned approach to GA Smoothing that was included with the May 2017 TB/MBC Submission. The table below supports the Ministries assessment that the potential contingent liability under the protection agreement over the duration of the OFHP would peak at an estimated $24M to $26B (subject to final cost forecasts TBC), including principal and interest.

Commented [ESP10]: These numbers and the table below are pending finalization of costs forecasts – this work is still ongoing with OPG.



Updated graphic and table available?

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Average monthly bill with OFHP ($/month)	124	126	129	131	137	146	155	165	176	187	199	207	207	209	212	214	216	216	214	215	216	217	219	220	221	222	223	224	225	226	216	206
Year-over-year change (%)	n/a	2.01	2.01	2.01	4.25	6.44	6.44	6.44	6.44	6.44	6.44	3.61	0.08	1.20	1.29	1.14	0.93	-0.04	-0.88	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	0.49	-4.37	-4.61
Impact of GA financing and tax-basing ($/month)	-29.9	-30.0	-35.0	-34.4	-28.8	-24.0	-17.8	-14.2	-3.3	3.4	12.2	16.4	16.5	16.7	16.9	17.1	17.2	17.1	17.0	17.1	17.2	17.3	17.4	17.5	17.6	17.6	17.7	17.8	17.9	18.0	-3.9	-4.0
Total accumulated debt ($B)	2.5	5.2	8.2	11.6	14.7	17.5	19.9	22.0	23.5	24.1	24.2	23.7	23.1	22.5	21.8	21.0	20.1	19.2	18.3	17.2	16.1	14.9	13.7	12.3	10.9	9.3	7.7	5.9	4.1	2.1	0.0	0.0
Total change in accumulated debt ($B)	2.5	2.6	3.0	3.5	3.1	2.8	2.4	2.0	1.6	0.6	0.1	-0.5	-0.6	-0.6	-0.7	-0.8	-0.8	-0.9	-1.0	-1.0	-1.1	-1.2	-1.3	-1.4	-1.4	-1.5	-1.6	-1.7	-1.9	-2.0	-2.1	0.0

Notes: Assumes 30 year financing period and a nominal interest rate of 5% (compounded monthly). Ratepayer GA payments increase annually beyond 2020 such that the average monthly residential electricity bill increases by 6.3% per year to a maximum of $2.2 billion above the true cost of GA in any given year to cap repayment charges at around 10% of total bill. IESO forecast is based on IESO's revised OPO forecast as of February 2017. Includes the cancellation of LRP II and EFW, expansion of ICI. Does not include smoothed OPG rates. Above residential bill is based on a 750 kWh per month Toronto Hydro customer. Data shown above is by RPP period. Assumes RPP prices are adjusted in July 2021 instead of May 2021 to coincide with the end of the inflation cap. Fair allocation amounts subject to third party review.

APPENDIX F: OVERVIEW OF RISKS

Prepared by TBS staff, the following chart, as part of the May 2017 OFHP implementation update focused on the proposed legislation. It provides an overview of strategic (versus operational) risks to inform the approval/decision making process regarding the proposed legislation. Each part, GA Partial Refinancing & Electricity social programs, is a separate table.

The current submission, ~~Change of Law~~ Provincial Protection Agreement, is reflected under the risk "Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding" (page 16) as part of risk mitigating strategy.

Global Adjustment Partial Refinancing:

Objective: Provide immediate ratepayer relief by capping rate increases at Consumer Price Index (CPI) for four years and refinancing GA costs over a longer period of time. Develop and implement a financing structure that increases provincial borrowing, but has no impact on annual provincial surplus/deficit.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA smoothing being allocated to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there could be a negative impact on the province's fiscal plan up to $2.5B in 2017-18 and rising. • Rating agencies and investors in the Province's debt may view all of the borrowing as an obligation of the Province, especially taking into account the nature of provincial guarantees, which could put pressure on the Province's credit rating and overall borrowing capacity. • Proposed structure may result in a negative response from Ontario Auditor General (OAG) due to previous concerns regarding recognition of rate regulated assets and liabilities. The AG has already expressed concerns regarding the accounting treatment on the IESO's books which could lead to a qualification of the Province's consolidated financial statements. • Initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to justify structure of financial model and be utilized in discussions with the OAG. • Identify potential options to minimize the balance of rate regulated assets remaining on the IESO's books at fiscal year-end.

Risk	Level of Risk	Risk Response
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.
A legal determination that the Province is spreading the costs of GA financing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Medium **Risk Impact:** High **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and close monitoring of costs and changes in variables built into model. • Analyze the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Financing the costs of GA smoothing through OPG SPV/Trust and the volatility of interest rates may increase the cost of GA smoothing and/or require additional provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Moderate **Time Scale:** 12 to 24 months **Rationale** • The proposed structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on interest rate for borrowing, the amount of equity/funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the government to offset a part of the scheduled increases. • Risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's ratings and cost of borrowing.	Risk can be avoided by: • Province providing a potential guarantee for the cost of borrowing – however, would redirect risk back to the Province and negate benefits of proposed financing structure. Risk can be mitigated by: • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost. • Proposed legislation to enable GA refinancing has been draft with input from third-party financers. Provides a 'narrow' provincial guarantee and ensuring that debt holders have the right of action against a future government to recover the amount outstanding including interest, fees, expenses and any damages.

Risk	Level of Risk	Risk Response
The determination of the appropriate legal and accounting treatment to be applied to the financing model may result in the costs of GA Refinancing having a fiscal impact to the province.	**Risk Likelihood:** Possible **Risk Impact:** Critical **Time Scale:** 6 to 12 months **Rationale:** • The structure of the GA deferral was designed to result in an increase in provincial borrowing, no increase in net debt and no impact on surplus/deficit. • The proposal assumes GA refinancing does not have a fiscal impact because the legal authority and accounting treatments are met. • If a favourable legal and accounting treatment is not implemented, there would be a negative impact on the province's fiscal plan of up to $2.5B in 2017-18 and rising. • Rating agencies and investors in Province's debt may view all of the borrowing as an obligation of the Province, which could put pressure on the Province's credit rating and overall borrowing capacity. • The proposed structure may result in an opinion from the Ontario Auditor General (OAG) considering previous concerns regarding recognition of rate regulated assets and liabilities. The OAG may take this into account when the provincial books are audited. • An initial assessment of the accounting considerations suggests that the proposed model is in alignment with established accounting standards. Additional analysis is still required.	Risk can be mitigated by: • Commissioning external opinions on the legal, fiscal and accounting requirements, which could be used by the Province to support discussions of the financial model with the OAG.
Uncertainty in the financial model due to dependence on assumptions that are subject to potential volatility may result in higher than anticipated future costs for rate payers and the province.	**Risk Likelihood:** Likely **Risk Impact:** Major **Time Scale:** More than 36 months **Rationale** • The financial model developed is a high level and aggregate model, which is built on independent forecasts. There are a large number of assumptions built into the model explicitly and implicitly (as a larger number of assumptions are embedded into the other forecasts that are used as inputs into the model). • The proposal financing structure will accrue total interest of about $26.2 billion, which is sensitive to many factors, including interest rate, natural gas and carbon prices, generation costs and demand levels.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the financial models. • Building permissive language in the legislation and regulations to allow for timely course correction mechanisms (i.e. higher payment amounts and/or rate increases) • Regulations to prescribe the methodology to be applied by the Ontario Energy Board (OEB) to determine electricity rates in response to potential deviation from forecasted financing plans.

Risk	Level of Risk	Risk Response
A legal determination that the Province is spreading the costs of GA refinancing in order to lower the price in the short term by increasing the price in the long term may result in the GA charge characterized as a tax and deemed unconstitutional.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** Long-Term (More than 36 months) **Rationale** • If characterized as a tax, the GA charge could be subject to legal challenge and struck down as unconstitutional, allowing consumers to recover their payments. • Likelihood dependent on the extent the government is not able to show a proper match between the cost of providing facilities for electricity generation and the group of consumers who benefit year to year. The bigger the reduction in charges to current consumers, the higher likelihood of the risk being realized. • Internal and external expertise have provided opinion that the proposed structure is constitutionally sound in the short-term (2017-18), but the likelihood of the risk increases in the proceeding four years, which will impact commitment to keep rate increase in line with CPI. • If annual increases in bills or the commodity prices are subject to caps, additional borrowing/provincial funding may be required.	Risk can be avoided by: • Imposition of a valid tax. • Change in policy (i.e. allow greater rate increases during the remainder of the rate mitigation phase and higher increases and payment amounts throughout rate increase and payment phase). • Use of public funds to ease pressure. Risk can be mitigated by: • Improve forecasting model and ongoing monitoring of costs and changes in variables built into model. • Analysis of the costs and benefits of the long lived assets (specifically usability beyond a 20 year period) to assist in determining a supportable GA deferral structure. • Draft legislation with built-in provisions to allow for the balance of the legislation to remain in effect if any particular clause or section is struck down by a court.

Risk	Level of Risk	Risk Response
Refinancing GA costs through an OPG SPV Trust may increase costs and/or require provincial funding.	**Risk Likelihood:** Possible **Risk Impact:** Major **Time Scale:** 12 to 24 months **Rationale** • The proposed borrowing structure will be reviewed by credit agencies to allow OPG to borrow in the open market. Depending on assessment, there may be an impact on the interest rate for borrowing, the amount of equity / funding the province may need to provide and the requirement for a provincial guarantee. • As the OPG SPV/Trust will be borrowing in its own corporate capacity from the public markets, it will likely incur a higher interest cost compared to the Province's borrowing. • There is a risk that credit rating agencies may perceive OPG SPV/Trust's borrowing as debt supported by Province, impacting Province's own ratings and cost of borrowing. • If the Trust can't raise the full funding requirements, additional cash injections would be required. If the borrowing cap of $28B (in the March 1, 2017 Cabinet Submission) is reached sooner than forecast, the province may have to provide incremental funding to float the program to 2047. • Beyond 2022, when steep increases are required, there will likely be additional pressure on the province to offset a part of the scheduled increases. • Fiscal impacts will be subject to fluctuations in Ontario electricity demand, GA and interests rates in the medium-to long term. As well as if a protection agreement is called upon: o OPG, has advised that the Government of Ontario provide a change of law protection agreement to the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would pay the funding obligations of the Financing Entity.	Risk can be mitigated by: • Providing a "provincial guarantee" for the cost of borrowing. • Drafting legislation to provide assurance to OPG and investors regarding the permanence of the GA refinancing framework and the authority of the legislation to pass the legislation; and enable the Province to guarantee borrowing of the trust in the event of a market disruption. • Specifics of a guarantee are dependent on the negotiation of agreements not yet initiated. Limiting triggers of a protection agreement to legislative (regulatory) changes and/or judicial decisions etc. • Equity injections from the province to support OPG as the owner and manager of GA refinancing and allow OPG to strengthen the capital structure of the Trust in order to secure financing at a reasonable cost.

Electricity social programs (Enhancing Electricity Support & Conservation Programs):

Objective: Shift funding of existing and new electricity support programs (RRRP, OESP, Affordability Fund, First Nations Credit) from rate to tax base.

Risk	Level of Risk	Risk Response
Uncertainty in forecasting due to exposure to changes and/or volatility (i.e. interest rates, electricity usage patterns, and distribution costs) may result in higher than anticipated fiscal impacts for the Province.	**Risk Likelihood:** Possible **Risk Impact:** Major **Timescale:** 12 to 24 months **Rationale:** • The energy sector is complex and a number of key assumptions used as inputs into forecasting model are variables/forecasts themselves, resulting in a high inherent risk that cost estimates are inaccurate. • Fiscal projection is highly dependent on factors which can fluctuate from year to year, including: o electricity usage; o distributions costs; and o consumer consumption patterns that may change due to extreme weather or other factors. • Fiscal projection is subject to knowledge of future distribution costs and dependent on submission of cost of service applications by Hydro One and LDCs. o Enhanced RRRP may create disincentives from the eligible LDCs towards productivity and performance improvements and/or cause ineligible LDC's to drive up distribution costs to gain access to program.	Risk can be mitigated by: • Development of a risk-based outlook, based on an analysis of scenarios, to determine the sensitivity and financial impact of potential changes in variables used in the forecasting models.

From:	Ronald Kwan on behalf of /O=OFA/OU=OFINA ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=RKWAN
To:	Anna Strathy
Subject:	Re: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Wednesday, September 20, 2017 11:04:40 AM

From: Anna Strathy
Sent: September 20, 2017 11:00 AM
To: James Strang (MOF)
Cc: Veinot, Cindy (TBS); Hosick, Sarah (TBS); Ronald Kwan; Afshin Malekzadeh (MOHLTC); Chris Skubel (MGS); Indira Komal (MCSCS); Lenna Wichenko (MCSCS); Paul Kaufman (MOHLTC); Nick Smook (MOF); Anthony Reiss (MGS); Pratima Gounden (ENERGY); Ken Kandeepan; Gadi Mayman; Mike Manning
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi James,

Please find attached, consolidated comments and edits from the OFA, Energy, and MOF Legal, as well as responses to your questions, below.

Please don't hesitate to contact me should you have any questions.

Thanks, Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Tuesday, September 19, 2017 9:36 AM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi,

Attached is a draft TB/MBC note based on draft submission version 8 (also attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.

Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

- Draft sub takes about a Change of Law Protection Agreement and identifies three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify. The working title of the agreement is the Provincial Protection Agreement; however it is still subject to change.

    - Regarding the third trigger, is this in or out? If in, is there any consideration being given to the Province to narrow the very broad scope? The third trigger is in and it's been narrowed to ensure only a change that adversely impacts the ability of the Financing Entity to collect payments would trigger the protection agreement.

- What are derivative agreements? Payments under derivative agreements? Derivatives agreements are financial contracts entered into by parties to hedge financial risk associated with borrowing for example. In this particular circumstances, the Financing Entity might enter into interest rate swap agreements to hedge the interest rate payable on its issued debt.

- Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market? The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period.

- Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does the requested minute cover off s28 FAA? The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the 2 Ministers seeking the OIC in the form attached. The Minister of Finance will also be requested to approve under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

Thanks in advance,

James Strang
416-327-2071

From:	Hanslep, Malle (MOF)
To:	Anna Strathy; Tobias P. Whitfield (MOF); Ken Kandeepan; Ronald Kwan; Mike Manning; Keley Katona (ENERGY)
Cc:	Gadi Mayman; Anthony Reiss (MGS); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Subject:	Re: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date:	Wednesday, September 20, 2017 8:11:38 AM

Yes I think that our previous discussion was that if there were any material changes we would go back to TB and certain items were left in square brackets with a note to show that they are subject to further negotiation.

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Anna Strathy
Sent: Wednesday, September 20, 2017 08:00
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA); Katona, Keley (MOF)
Cc: Mayman, Gadi (OFA); Reiss, Anthony (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY)
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Malle,

Thank you for your thorough and thoughtful review.

Just getting back to you now on your two comments:

· The TB analyst has asked whether to minute the attachment or to include key parameters of the term sheet in the minute – I'm inclined to stick with referring to the term sheet in the minute. The language in the term sheet was "litigated" enough that I fear misrepresenting any parameters when they are summarized for the purpose of a minute. I agree with you that recommending TB approve the Ministers entering into the agreement, based on the current term sheet, would remove the possibility of subsequent revisions to the term sheet.

· Attaching a draft of the OIC to refer to in the minute – I don't think this is required, nor is it typically done, but we could certainly provide the draft to James for his reference.

Anna

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, September 19, 2017 2:00 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; McKinlay, Tom (ENERGY) <Tom.McKinlay2@ontario.ca>
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Here are my comments on the analyst's note.

p. 1 Recommendations
- second recommendation, remove "to" after "Ministry of Energy"
- third recommendation, should this refer to the draft OIC that is attached. Don't know whether the TB submission itself references a draft OIC being attached?

p. 2 "What would trigger the protection agreement?"
- second bullet re: court decision, change wording from "invalid or unenforceable" to "invalid or ultra vires" to

match most recent version of term sheet
- third bullet – the third event has now been inserted into the term sheet as “there is a change in the organization or structure of the IESO or Ontario’s electricity market undertaken at the initiative of the Province or an entity controlled by the Province that adversely affects the ability of an OPG Financing Entity to receive amounts relating to its investment interst so that it can pay its funding obligations.

p. 4 See the comments in the proposed first minute asking whether there is a desire to minute the attachment or to include key parameters in minute only given the request for a “subject to revisions provision”. I am not sure how we wish to answer this question. Putting in only key parameters would broaden the 2 Ministers’ discretion to agree to revisions to the term sheet. Possibly if we were to do this, are the essential parameters really the “Protection Events”, and “Obligation re: pay specified claims? Comments on this?

p. 4 Regarding second minute – should it reference a draft form of OIC attached?

Regarding the questions posed by the analyst, here is a start on some of those.

1. Third trigger is in now.

2. Derivatives agreements are financial contracts entered into by parties to hedge financial risk associated with borrowing for example. In this particular circumstances, the Financing Entity might enter into interest rate swap agreements to hedge the interest rate payable on its issued debt [need description of interest rate swaps and what might be done here – fix floating rate debt – anything else?]
3. The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period….
4. The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the 2 Ministers seeking the OIC in the form attached. The Minister of Finance will also be requested to approve under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: September 19, 2017 10:11 AM
To: Whitfield, Tobias P. (MOF); Hanslep, Malle (MOF); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Manning, Mike (OFA); Katona, Keley (MOF)
Cc: Mayman, Gadi (OFA); Reiss, Anthony (MOF)
Subject: Fwd: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Good morning,

Please find attached, the draft TBS Assessment note on the Provincial Protection Agreement. Please review and provide comments to me by 3:00pm this afternoon and I will consolidate comments for Gadi's review.

With respect to James' questions, I'll follow up separately and I expect some will be answered in the updated draft of the submission (with final term sheet).

Thank you, Anna

Sent from my iPhone

Begin forwarded message:
From: "Strang, James (TBS)" <James.Strang@ontario.ca<mailto:James.Strang@ontario.ca>>
To: "Anthony Reiss (MGS)" <Anthony.Reiss@ontario.ca<mailto:Anthony.Reiss@ontario.ca>>, "Pratima Gounden (ENERGY)" <Pratima.Gounden@ontario.ca<mailto:Pratima.Gounden@ontario.ca>>
Cc: "Veinot, Cindy (TBS)" <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>, "Hosick, Sarah (TBS)"

<Sarah.Hosick@ontario.ca<mailto:Sarah.Hosick@ontario.ca>>, "Anna Strathy"
<Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>, "Ronald Kwan"
<Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>, "Afshin Malekzadeh (MOHLTC)"
<Afshin.Malekzadeh@ontario.ca<mailto:Afshin.Malekzadeh@ontario.ca>>, "Chris Skubel (MGS)"
<Chris.Skubel@ontario.ca<mailto:Chris.Skubel@ontario.ca>>, "Indira Komal (MCSCS)"
<Indira.Komal@ontario.ca<mailto:Indira.Komal@ontario.ca>>, "Lenna Wichenko (MCSCS)"
<Lenna.Wichenko@ontario.ca<mailto:Lenna.Wichenko@ontario.ca>>, "Paul Kaufman (MOHLTC)"
<Paul.Kaufman@ontario.ca<mailto:Paul.Kaufman@ontario.ca>>, "Nick Smook (MOF)"
<Nick.Smook@ontario.ca<mailto:Nick.Smook@ontario.ca>>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Hi,

Attached is a draft TB/MBC note based on draft submission version 8 (also attached). I've heard there is another updated version on the way. Please provide an update of timing for Ministers signing from both Ministries.

Below are questions, hopefully responses can be provided in advance of Chair's pre-brief on Wednesday afternoon (so responses by Wednesday morning to include in revised note, if needed).

· Draft sub takes about a Change of Law Protection Agreement and identifies three triggers. The first two make sense talking about legislative/regulation changes and judicial changes, the third dealing changes within IESO adversely impacting the Financing Entity does seem to be related to change of law. Please clarify.

o Regarding the third trigger, is this in or out? If in, is there any consideration being given to the Province to narrow the very broad scope?

· What are derivative agreements? Payments under derivative agreements?

· Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market?

· Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does the requested minute cover off s28 FAA?

Thanks in advance,

James Strang
416-327-2071

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately

by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Ronald Kwan
To: Anna Strathy; Ken Kandeepan
Subject: Re: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC
Date: Wednesday, September 20, 2017 11:10:58 AM

And apologies, as I just saw this one, so, adjust the interest amount in the markup accordingly.

Ron

From: Ken Kandeepan
Sent: September 20, 2017 10:49 AM
To: John Kim; Ronald Kwan
Cc: John Psinas; Anna Strathy
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Thanks John we will proceed accordingly on that basis.

Ken k

From: John Kim
Sent: Wednesday, September 20, 2017 10:49 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Ken,

Not sure if Ron is available but I am fine with the direction you're suggesting at my level.

Thanks,

John

From: Ken Kandeepan
Sent: Wednesday, September 20, 2017 10:42 AM
To: John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi

As a an addendum to my previous email, Gadi suggests that we limit the range from 4.2% to 5.0% and ignore the 3.5% which appears to be too low based on current rates. As such the range in the

TB submission will be $0.8B to $1.0B.

Pls let me know if that works from your perspective.

Thanks

Ken k

From: Ken Kandeepan
Sent: Wednesday, September 20, 2017 10:21 AM
To: John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Ron and John

The previous IOD impact estimate that was also shared with the OAG assumed interest rates of 5.0, 4.2 and 3.5. At this point in time I don't believe there's much value added in a detailed assessment, rather a simple application of the max and the minimum to the peak debt of $20B should suffice. This translates into an IOD range of $0.7B to $1.0B (the reference is to be found on page 3 of the attached).

Thanks and pls let me know if this makes sense.

Ken k

From: Anna Strathy
Sent: Wednesday, September 20, 2017 10:11 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Ken,

Attached is the consolidated comments on the TBS analyst's note. At this morning's meeting with Energy, MOF, and TBS, Steen confirmed that latest estimate for peak debt is $20B (not $24 to $26B as previously estimated). I expect this will impact our IOD estimate – would you be able to provide a revised estimate for IOD? It will need to be included in an updated submission for the Minister tomorrow.

Anna

From: Anna Strathy
Sent: Wednesday, September 20, 2017 6:49 AM

To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: FW: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

Hi Gadi,

Attached for your review, is the TBS Assessment note, with comments and track changes from Energy (Steen's group), MOF Legal (Malle) and OFA (Ken and myself). We've also responded to a few of the analyst's questions below in red.

The only comment from Energy that will require follow-up is Steen's cost estimates (he recalls peak debt for the program at $20B whereas we have used the $24B to $26B estimate). I'll follow up with Energy and OFA staff on this.

Thanks, Anna

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Tuesday, September 19, 2017 9:36 AM
To: Anthony Reiss (MGS) <Anthony.Reiss@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Lenna Wichenko (MCSCS) <Lenna.Wichenko@ontario.ca>; Paul Kaufman (MOHLTC) <Paul.Kaufman@ontario.ca>; Nick Smook (MOF) <Nick.Smook@ontario.ca>
Subject: Provincial Support Agreement (Fair Hydro Plan) - Sept 26 TB/MBC

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being given to the Province to narrow the very broad scope? The third trigger is in and it's been narrowed to ensure only a change that adversely impacts the ability of the Financing Entity to collect payments would trigger the protection agreement.

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- Does the Province have any consideration/protection regarding the subsequent form of obligations, securities/derivatives that can be brought/offered to the market? The Minister of Finance and Minister of Energy will negotiate terms and conditions as part of the proposed protection agreement that would provide a process for determining which future obligations, securities/derivatives would have the benefit of the protection agreement. The process and framework is currently under development but may include approving standard terms and conditions of debt issuances in advance, setting a maximum amount of debt that may be issued within a period.

- Following this submission, will there be the typical submissions seeking s28 FAA approvals for the guarantee or indemnification provided? If not, how does the requested minute cover off s28 FAA? The Minister of Finance will be asked to approve for the purpose of FAA s. 28 the 2 Ministers seeking the OIC in the form attached. The Minister of Finance will also be requested to approve under FAA s. 28 the final form of protection agreement to be entered into by the Minister of Energy and the Ministry of Finance as authorized by the OIC.

Thanks in advance,

James Strang
416-327-2071

From:	Gadi Mayman
To:	Malle Hanslep (MOF)
Cc:	Anna Strathy; Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Ken Kandeepan
Subject:	Re: Prtection Agreement briefings
Date:	Wednesday, November 22, 2017 1:33:54 PM

Hi Malle, I'd originally thought that we'd be briefing the Ministers soon, but I'm not sure given where the discussions have gone over the past couple of days whether that's the case anymore.

We have our regular working group meeting including the Deputies and all of the electricity agencies tomorrow morning where timing may become clearer, but I realize that doesn't help with your questions given Steve's travel schedule. Away from the timing, I think that your suggestions on content make sense.

I've added my colleagues at the OFA, as they may have heard more from Energy or OPG today. Anna could also check in with our DMO to see whether they have expectations around timing, but my feeling is that they're waiting to hear from us on recommendations.

Thanks,
Gadi

On Nov 22, 2017, at 12:28 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi Gadi,
>
> Do you know when the Ministers are expected to be briefed on the protection and process agreements? It might have been mentioned yesterday that it might happen next Monday or sometime next week.
>
> I had mentioned Steve that there would be a briefing at some point and asked him to prepare some slides describing a legal summary of the agreements which could be attached to any briefing materials being prepared for the briefing. One of the other items that would have to be signed by the Minister of Finance is a 28 approval of the 2 Ministers entering into the other agreements so there should be some briefing material on this point as well.
>
> Steve is going to be out of the country beginning tomorrow for a week or so and he is preparing these materials and lining up counsel who will be covering for him during this period. At this point, we don't know who will be at the briefing and whether we would like Blakes' to attend but he will line up someone and possibly be available by telephone if we would like.
>
> If you have any more information on the timing and content of the briefing and who would be expected to be there it would be appreciated so I can pass this on to Steve today.
>
> Thanks.
>
> Malle

I

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

From: Gadi Mayman
To: Malle Hanslep (MOF)
Cc: Anna Strathy; Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Ken Kandeepan
Subject: Re: Prtection Agreement briefings
Date: Thursday, November 23, 2017 9:14:03 AM

At our morning meeting it was decided that the target date for the tri-Minister meeting would be next Thursday the 30th. If Andrew can't get the three Ministers together for the 30th, which is the preferred date, the fallback would be Monday the 4th.

Gadi

On Nov 22, 2017, at 3:01 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Thanks Gadi. I think this is fine for now and I will contact Steve to let him know we don't' yet know what the briefing time is.
>
> ---
>
> **From:** Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
> **Sent:** November 22, 2017 1:34 PM
> **To:** Hanslep, Malle (MOF)
> **Cc:** Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA)
> **Subject:** Re: Prtection Agreement briefings
>
> Hi Malle, I'd originally thought that we'd be briefing the Ministers soon, but I'm not sure given where the discussions have gone over the past couple of days whether that's the case anymore.
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> We have our regular working group meeting including the Deputies and all of the electricity agencies tomorrow morning where timing may become clearer, but I realize that doesn't help with your questions given Steve's travel schedule. Away from the timing, I think that your suggestions on content make sense.
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> I've added my colleagues at the OFA, as they may have heard more from Energy or OPG today. Anna could also check in with our DMO to see whether they have expectations around timing, but my feeling is that they're waiting to hear from us on recommendations.
>
> Thanks,
> Gadi
>
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If you have any more information on the timing and content of the briefing and who would be expected to be there it would be appreciated so I can pass this on to Steve today.

Thanks.

Malle

I

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

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

From: Ronald Kwan
To: Anna Strathy
Cc: Gadi Mayman
Subject: Re: RE:
Date: Thursday, December 07, 2017 12:53:49 PM

Hi,

I'm sure you have good coverage already on this meeting anyways Anna, but just noting that I have conflicting meetings at 2 and 2'30, so I likely won't be able to make it.

Ron

On Dec 7, 2017, at 12:37 PM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:

> Happy to set up the call for 2pm. Invite to follow.
>
> ---
>
> **From:** Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> **Sent:** Thursday, December 07, 2017 12:05 PM
> **To:** ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com) <STEPHEN.ASHBOURNE@blakes.com>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
> **Cc:** Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject:** RE:
>
> Hi all,
>
> These are really just my notes as I went through the agreement mark-up. Hopefully we can have a call at about 2 pm to go through the mark-up.
>
> Thanks.
>
> Comments on Process Agreement. Some of these questions relate to the closing logistics.
>
> <!--[if !supportLists]-->1. <!--[endif]-->What date will the agreement be "dated as of"?
>
> <!--[if !supportLists]-->2. <!--[endif]-->P. 1, fifth recital – Agree with changes to reference the final form of the Transaction Documents as described in Exhibit "A". Regarding mechanics – to whom will OPG send the final forms and when and who will confirm to OPG on behalf of the Province that such Transaction Documents will constitute Reference Documentation? Is it necessary to include the phrase "and the Province

has not objected to such forms" since the Province is not actually given a contractual right to object to the forms?

<!--[if !supportLists]-->3. <!--[endif]-->P. 1 6th recital – When is it expected that OPG will deliver the Financing Plan to the Minister of Energy as required under the statute? i.e. the final version of the financing plan. Will it be done by the time the Ministers are to be briefed on and requested to sign the Protection and Process Agreements. Is the Minister of Energy going to be acknowledging receipt of the Financing Plan? We understand that the Initial Forecast will be included in the Financing Plan? Is it a single dollar amount? And the Initial Protection Agreement Maximum will be the same dollar amount?

<!--[if !supportLists]-->4. <!--[endif]-->2.01(b) and 2.02(a) and 3.05(a) – New definition of Material Effect inserted to cover

<!--[if !supportLists]-->5. <!--[endif]-->2.02(a)(D) – think Province agrees to delete (D) since assumption election has been deleted.

<!--[if !supportLists]-->6. <!--[endif]-->2.02(c) and (d) – think Province is agreeable to this too.

<!--[if !supportLists]-->7. <!--[endif]-->2.02(b) – OPG obligation to notify Province of Breach Events and Program Breaches added

<!--[if !supportLists]-->8. <!--[endif]-->3.01(a) – think an estimate is fine.

<!--[if !supportLists]-->9. <!--[endif]-->Footnote 2 – Will need to discuss Oslers' email from last evening and interaction with the Process Agreement

<!--[if !supportLists]-->10. <!--[endif]-->4.01(b) – Agree with deletion here because purpose is not to disagree based on inaccuracies in the Financing Plan but only with respect to the Forecast (which is contained in the Financing Plan)

<!--[if !supportLists]-->11. <!--[endif]-->6.01 – Amendments to Breach Events to specifically reference in obligations related to "material effect" amendments

<!--[if !supportLists]-->12. <!--[endif]-->Footnote 3 - Agree that reference documentation related to term deal should be deleted now as there will not be time to finalize now.

From: Ronald Kwan
To: Ken Kandeepan
Cc: Anna Strathy; Mike Manning
Subject: Re: Regroup on Provincial Protection Agreement
Date: Tuesday, September 19, 2017 8:53:49 AM

Hi,

I have internal meetings that I could move, so I'm available.

Ron

On Sep 19, 2017, at 8:51 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> I have a tele conference from 9.30 to 10.30, however, FTD managers are participating so if that is the ideal time for everyone else I can make myself available. I am free after 10.30 as well.
>
> Thanks
>
> Ken k
>
> ---
>
> **From:** Anna Strathy
> **Sent:** Tuesday, September 19, 2017 8:48 AM
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Subject:** Regroup on Provincial Protection Agreement
>
> I thought we may want to regroup with Gadi this morning on yesterday's meeting with OPG and Tory's. Could you please advise of your availability between 9:30am and 12pm?
>
> Anna
>
> Anna Strathy
> Special Policy Advisor to CEO
> Ontario Financing Authority
> 1 Dundas Street West, 14th Floor
> 416.325.8032 | anna.strathy@ofina.on.ca

From: ASHBOURNE, STEPHEN
To: Ken Kandeepan
Cc: Tobias P. Whitfield (MOF); Malle Hanslep (MOF); Mike Manning; Carlos Yep; Ronald Kwan; Anna Strathy; Alena Thouin (ENERGY); Tom McKinlay (MAG)
Subject: Re: Response to OPG
Date: Monday, October 16, 2017 6:55:06 AM

Hi Ken.

The issue we face is that investors will expect to know with certainty that the PA applies, without looking into the satisfaction of detailed and potentially subjective conditions (e.g., materiality). That is why we have provided for simple and objective pre-conditions (i.e., delivery of a prescribed form of closing certificate).

If we incorporate specific conditions into the FE's constating documents, then non-compliance could vitiate the PA obligation - meaning that investors/underwriters would need to satisfy themselves that all of the constating conditions have in fact been met. That is the opposite of simplicity and introduces a possible. 'gotcha' scenario.

I think that the Province needs to land firmly on the extent to which conditions of a closing are needed for its benefit and whether it will be willing to accept the consequences if the conditions do not mitigate all of the gaps (e.g., OPG errors or close calls).

While I think we have discussed the possible gaps a few times, it is not too late to impose more rigour, likely in the form of the Province being actively involved in processing individual incurrence and due diligence at the time of a closing.

I suggest that we have a discussion this morning to make sure we all have a common understanding of the proposed incurrence adherence process and the possible gaps and risks to the Province that will remain.

I am generally around this morning so please call when it's convenient for you.

Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086<tel:416-863-3086>

On Oct 15, 2017, at 11:27 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>> wrote:

Thanks Stephen for the clarification.

My objective in putting forward this suggestion was to eliminate any possibility of the FE issuing debt that may contravene the Protection Agreement (PA). As it stands, theoretically the FE can issue debt that falls outside the PA though it will not be guaranteed by the Province. The problem conceivably arises with regard to any debt issues that are very close to the line drawn by the PA and the consequent need for due diligence on the part of the Province on an issue by issue basis, all of which can be eliminated or at least alleviated by the incorporation of negative covenants.

Pity that it is not possible.

Thanks

Ken k

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: Friday, October 13, 2017 6:55 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>
Subject: RE: Response to OPG

Ken, it is not advisable to incorporate negative covenants in the FE's incorporation documents. That approach would raise ultra vires issues, which could cast doubt on the efficacy of particular debt issues. I was anticipating negative covenants in the Change of Law Protection Agreement. Happy to discuss. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

_____

<image001.gif>

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From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Friday, October 13, 2017 3:49 PM
To: Tobias P. Whitfield (MOF); Malle Hanslep (MOF); Veinot, Cindy (TBS); Anna Strathy; Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); ASHBOURNE, STEPHEN; Hresa Gavaris
Cc: Gadi Mayman; John Psinas
Subject: RE: Response to OPG

Hi Toby

These reflect that changes we discussed yesterday and can be sent out subject to any comments from Mike and Carlos. However, as per my conversation with Malle and subsequently with Gadi, we are running out of time and need to come to a meeting of the minds with OPG on this issue.

To that extent perhaps we can move towards finalizing this issue sometime next week and in order to do so indicate in the covering email to OPG that we would like them to review the September 27th document from the perspective of what impacts on the integrity of the proposed accounting treatment and get back to us hopefully Monday.

That will provide us with a baseline that can be either accepted or tweaked within reasonable limits allowing the process to move forward. With regard to the "failsafe" it may be useful to mention in the covering email that we are open to making changes.

I would also request that we include if possible in the email that the incorporation documents of the Financing Entity include a clause that prohibits the FE from issuing debt that contravenes the terms of the Guaranty. This along with the attestation or certificate for each debt issue should in my opinion constitute a reasonable safeguard of the Province's interests. Not sure whether this will also impact on the integrity of the accounting but we won't know until we ask.

Thanks

Ken k

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, October 13, 2017 3:12 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca<mailto:Scott.Nelms@ontario.ca>>; James Devine <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>; Carlos Yep <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; Cengarle, John (MOF) <John.Cengarle@ontario.ca<mailto:John.Cengarle@ontario.ca>>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Usman Zahid <Usman.Zahid@ofina.on.ca<mailto:Usman.Zahid@ofina.on.ca>>; Anis Hirani <Anis.Hirani@ofina.on.ca<mailto:Anis.Hirani@ofina.on.ca>>; John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; 'stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>' <stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>>; Hresa Gavaris <Hresa.Gavaris@ofina.on.ca<mailto:Hresa.Gavaris@ofina.on.ca>>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; John Psinas <John.Psinas@ofina.on.ca<mailto:John.Psinas@ofina.on.ca>>
Subject: RE: Response to OPG

Please see some proposed changes to the note to be sent to OPG. They are tracked to Stephen's document circulated in advance of yesterday's meeting.

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

The intention would be to send this out to OPG by end of day, so please provide comments asap.

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
Phone: 416-325-1456

_____

From: Hansley, Malle (MOF)
Sent: October 13, 2017 1:34 PM
To: Veinot, Cindy (TBS); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>'; Gavaris, Hresa (OFA)
Cc: Mayman, Gadi (OFA); John Psinas
Subject: RE: Response to OPG

Hi Cindy,

Thanks for your response. We appreciate how busy you are and that you are reviewing the materials. We are planning to respond to OPG today.

We wanted to touch base with you again before we send the response because OPG had the question "Please also advise if the Province's accountants have reviewed the proposal." In their email to the Province so wanted to respond to that along the lines of the following if it's ok with you.

"The Province's accountants are involved in this process and are also reviewing the proposal."

Thanks.

Malle

_____

From: Veinot, Cindy (TBS)
Sent: October 13, 2017 9:31 AM
To: Hansley, Malle (MOF); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>'; Gavaris, Hresa (OFA)
Cc: Mayman, Gadi (OFA); John Psinas
Subject: RE: Response to OPG

Hi Malle – thanks for the note -- when I left the call, I thought the plan was to proceed providing detailed comments to OPG – I don't think you should hold up that process for my review. I will review the documents, but can't commit to providing comments back today.

Thanks,

Cindy

From: Hanslep, Malle (MOF)
Sent: October 13, 2017 9:13 AM
To: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); 'stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>'; Gavaris, Hresa (OFA)
Cc: Mayman, Gadi (OFA); John Psinas
Subject: RE: Response to OPG

Hi Cindy,

I am following up regarding the conference call yesterday. At the end of the meeting, the group decided that it was best to respond to OPG with general comments along the lines of what was in the draft comments reviewed at the meeting and highlighting in particular that we would like to receive specific comments on the draft process sent on September 27, 2017.

I understand that you will be reviewing these materials today and we are hoping that you can provide your comments back to the group today so that we can take them into account in the Province's response.

Thank you for your assistance – we know that you are pressed with many priority items.

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

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-----Original Appointment-----
From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: October 12, 2017 12:16 PM
To: Anna Strathy; Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Devine, James (OFA); Yep, Carlos (OFA); Cengarle, John (MOF); Katona, Keley (MOF); Donaldson, Mark (TBS); Zahid, Usman (OFA); Hirani, Anis (OFA); Kim, John (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Thouin, Alena (ENERGY); Hanslep, Malle (MOF); 'stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>'; Gavaris, Hresa (OFA)
Cc: Mayman, Gadi (OFA); John Psinas
Subject: Adherence Process for Change of Law Protection Agreement | OFA, OPCD, MOF, Legal Counsel
When: October 12, 2017 3:00 PM-3:45 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Executive Boardroom, 14th Floor, 1 Dundas Street OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to moderate

Please call Hresa at 5-8002 upon arrival

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From: Hanslep, Malle (MOF)
To: ASHBOURNE, STEPHEN; Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY); Tom McKinlay (MAG); Daniel Cayley (ENERGY)
Cc: VINER, JON
Subject: Re: SRA Comments on the Process Agreement
Date: Friday, November 17, 2017 7:16:59 PM

Thanks Steve. I think that as you have left it withh John right now is ok.

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: ASHBOURNE, STEPHEN
Sent: Friday, November 17, 2017 18:46
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Thouin, Alena (ENERGY); McKinlay, Tom (MAG); Cayley, Daniel (ENERGY)
Cc: VINER, JON
Subject: RE: SRA Comments on the Process Agreement

FYI, regarding the addition of the reporting requirement in 2.01(c) of the Process Agreement (re waivers, etc. – previously in 2.09 of the Protection Agreement), OPG asked that we change it from 10BD advance notice to promptly after implementation. They are concerned with the accounting/control implications as currently written. I said that I would pass this concern on to you with my recommendation that we can live with it (based on the context of our 'after the fact review approach' generally). John was happy with that but asked if he could tell his Board that the Province would be okay with that change. I told him he could say that he spoke to external counsel for the Province who understood the point and thought that it should probably be okay. If you want to talk about the point with me, I'm happy to discuss. Hope that all makes sense. Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

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[cid:image682c67.GIF@7c93e073.41b892c8]

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From: ASHBOURNE, STEPHEN
Sent: Friday, November 17, 2017 2:28 PM
To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); 'Mike Manning'; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca
Cc: VINER, JON
Subject: SRA Comments on the Process Agreement

Please see attached.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

From:	Ken Kandeepan
To:	ASHBOURNE, STEPHEN
Cc:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ronald Kwan; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG); Daniel Cayley (ENERGY); VINER, JON; Cindy.Veinot@ontario.ca; Mark Donaldson (MOF)
Subject:	Re: SRA Comments on the Process Agreement
Date:	Friday, November 17, 2017 7:52:46 PM

Hi Stephen

I can see the issue from an accounting perspective and have no objection to the change assuming my colleagues have no objection as well.

To be on the safe side I am cc'ing Cindy and Mark in case they wish to provide additional input.

Thanks

Ken k

On Nov 17, 2017, at 6:46 PM, ASHBOURNE, STEPHEN <STEPHEN.ASHBOURNE@blakes.com> wrote:

> FYI, regarding the addition of the reporting requirement in 2.01(c) of the Process Agreement (re waivers, etc. – previously in 2.09 of the Protection Agreement), OPG asked that we change it from 10BD advance notice to promptly after implementation. They are concerned with the accounting/control implications as currently written. I said that I would pass this concern on to you with my recommendation that we can live with it (based on the context of our 'after the fact review approach' generally). John was happy with that but asked if he could tell his Board that the Province would be okay with that change. I told him he could say that he spoke to external counsel for the Province who understood the point and thought that it should probably be okay. If you want to talk about the point with me, I'm happy to discuss. Hope that all makes sense. Steve
>
> Stephen R. Ashbourne
> Partner
> stephen.ashbourne@blakes.com
> Dir: 416-863-3086
>
> ———————————————
>
> Blakes
>
> **Blake, Cassels & Graydon LLP**
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From: ASHBOURNE, STEPHEN
Sent: Friday, November 17, 2017 2:28 PM
To: Hanslep, Malle (MOF) (Malle.Hanslep@ontario.ca); Whitfield, Tobias P. (MOF) (Tobias.Whitfield@ontario.ca); 'Mike Manning'; Ken Kandeepan (Ken.Kandeepan@ofina.on.ca); Kwan, Ronald (OFA) (Ronald.Kwan@ofina.on.ca); Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); tom.mckinlay@ontario.ca
Cc: VINER, JON
Subject: SRA Comments on the Process Agreement

Please see attached.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

From: Gadi Mayman
To: Malle Hanslep (MOF)
Cc: Mike Manning; Ken Kandeepan; Ronald Kwan; Anna Strathy; Tobias P. Whitfield (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements
Date: Monday, November 27, 2017 1:24:13 PM

Yes, thanks, Malle, that timing works for me.

Regards,
Gadi

On Nov 27, 2017, at 1:03 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi Gadi,
>
> We just finished our call with Blakes and Energy Legal. There are a number of points that we would like to discuss with you.
>
> If you are still free at 3:30 we could speak to you then?
>
> Thanks.
>
> Malle
>
> ---
>
> **From:** Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
> **Sent:** November 26, 2017 1:53 PM
> **To:** Hanslep, Malle (MOF)
> **Cc:** Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
> **Subject:** Re: UPDATED - Fair Hydro -- Change of Law Agreements
>
> Thanks, Malle. It looks like they took more of a hatchet than a scalpel to the agreements again, which is unfortunate, but I suppose we should expect that by now.
>
> I don't want to hold this up at all, so please don't let my schedule get in the way of a call if it doesn't match the needs of others. My available times tomorrow are from 11-12, 3:30-4 and 4:30 onwards, but please proceed with the call whenever it best suits everyone else.
>
> Regards,
> Gadi
>
> On Nov 26, 2017, at 11:47 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>
> > Hi all,
> >
> > Please see my email to the provincial legal group after my preliminary review of the mark-ups. There do seem to be a

number of points to discuss and I'm sure that Blakes will be able to better identify others. Perhaps an internal provincial call sometime on Monday could be arranged.

Thanks.

Malle

From: Hanslep, Malle (MOF)
Sent: November-26-17 11:41 AM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); VINER, JON (JON.VINER@blakes.com); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); PRESTAGE, JA (JA.PRESTAGE@blakes.com)
Subject: FW: UPDATED - Fair Hydro -- Change of Law Agreements

Hi all,

I have reviewed the agreements and think there are quite a few issues to discuss as a result of the mark-up. I wonder if it would work best to have a provincial legal call on Monday morning to go over the revised drafts and then have a call with our clients at the OFA and Energy afterwards? Below are some of the issues I have identified on a preliminary basis for discussion. There may be additional issues and perhaps some of these points can be worked through with more detail review.

Protection Agreement

- <!--[if !supportLists]--><!--[endif]-->2.01 (a)(iv)(B) – does revised wording work – would be good to work through this wording.
- <!--[if !supportLists]--><!--[endif]-->2.08 – change to wording re continuance of guarantee
- <!--[if !supportLists]--><!--[endif]-->4.01 – they have added back ability of Province to specifically agree that a particular Approved Obligation is covered – wonder why? And it should be in writing – not sure what our original wording on this point was
- <!--[if !supportLists]--><!--[endif]-->4.02 (b) – they have changed reference to content of certificate to Indenture Trustee (on behalf of bondholders, etc, other parties secured under trust indenture) to confirm that all certifications required by the Province have been provided instead of OPG confirming that all of its obligations to Province and internal requirements and processes in connection with adherence of Limited Guarantee have been done. This is linked to another major change they have proposed to the Process Agreement – looks like they are reducing OPG's

obligations to provide certificates to the Province to mirror those that OPG is providing to the Indenture Trustee. This is a significant point and reduces OPG's obligations under the Process Agreement quite a bit and was not discussed at last Tuesday's meeting.

<!--[if !supportLists]--><!--[endif]-->4.02(c) – Why delete in respect of which Adherence Conditions have been satisfied – not sure that concept is picked up elsewhere.

<!--[if !supportLists]--><!--[endif]-->6.01 – Assumption is changed to case by case which means the right has to be built into the proposed warehouse and term loan documents now if it is to be available. They also deleted OPG's obligation to make efforts to include this in funding obligations in general from the Process Agreement.

<!--[if !supportLists]--><!--[endif]-->6.05 – If the Province did assume on a case by case, then doesn't Province get rights to collateral or atleast part?

<!--[if !supportLists]--><!--[endif]-->7.03 – What reps does the Indenture Trustee give in the Master Trust Indenture and Supplementals? If Trustee gives them there, why not here? Perhaps we should require them to get a legal opinion.

<!--[if !supportLists]--><!--[endif]-->8.01 – Have not reviewed against previous wording but it looks like the suspension right is being reduced because it is limited to incurrence o amendment of Primary Obligations rather than breach of the Process Agreement more generally.

<!--[if !supportLists]--><!--[endif]-->9.01 - Do the comments about the Termination notice make sense?

<!--[if !supportLists]--><!--[endif]-->Defined Term Approved Obligation Amount, Certified Primary Obligations, and others – needs to be reviewed

Process Agreement

<!--[if !supportLists]--><!--[endif]-->Have moved delivery of initial financing plan and forecast amount and Province's failure to object to recitals for timing reasons – agree that there are timing logistics that need to be worked out, but the ability of Provincial representatives to take such actions flows from Ministers power to provide the guarantee – Province needs to develop the best way to deal with these timing issues that works with our authorities and rewrite these provisions. This also applies to "Reference Documents" concept.

<!--[if !supportLists]--><!--[endif]-->3.01 – OPG has revised so it will only provide a certificate to Province if it

is required to provide a certificate under Protection Agreement to Trustee – This is a significant change that Province needs to consider. The reason that we agreed to provide a certificate in more limited circumstances to Indenture Trustee (on behalf of beneficiaries) was to assist dealers on “certainty” issues. The same principle does not apply to the Province and OPG relationship which is a separate process.

<!--[if !supportLists]-->- <!--[endif]-->3.02 – Not sure what OPG is proposing here.

<!--[if !supportLists]-->- <!--[endif]-->6.05 – delete obligation on OPG to cause Financing Entity to use commercially reasonable efforts to include assignment provisions in funding obligations – why?

<!--[if !supportLists]-->- <!--[endif]-->7.01 – deleted suspension right in process agreement on basis that it is now in protection agreement but it is more limited.

Please let me know what time would work for you on Monday morning. I am going to pass on this email to OFA staff as well so they get a preliminary sense of the mark-up.

Thanks.

Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Hume, Steen (ENERGY); Mansoori, Nina
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

From: ASHBOURNE, STEPHEN
[mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com>; LEE John - TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna - TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY)

(Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com [mailto:bwood@torys.com] **On Behalf Of** Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie - LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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———————————

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<-CLPA - Process Agreement(November 22_17).pdf>

<Blackline_ProtectionAgreement.pdf>

<CLPA - Protection Agreement.docx>

<-CLPA - Process Agreement(November 22_17).docx>

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and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Anna Strathy
To: Gadi Mayman
Cc: Malle Hanslep (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Tobias P. Whitfield (MOF); Michael Waterston (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements Briefing Time
Date: Sunday, November 26, 2017 3:05:11 PM

Of course, will do.

--
Anna Strathy
Special Policy Advisor to the CEO
Ontario Financing Authority
416.325.8032

On Nov 24, 2017, at 5:42 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Monday the 4th is much better for me, too, and Anna and I have let the DMO know (I've also spoken to Brigid in the MO. Anna, would you mind letting the DMO know about Malle's reasons, as well?
>
> Thanks,
> Gadi
>
> On Nov 24, 2017, at 5:05 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:
>
> > Hi all
> >
> > If there is flexibility at all on the Ministers briefing Monday Dec 4th would be better than Nov 30th because Steve will be back and also it will allow us more time to finalize these agreements.
> >
> > Thanks
> >
> > Malle
> >
> > Sent from my BlackBerry 10 smartphone on the Rogers network.
> > From: Hanslep, Malle (MOF)
> > Sent: Friday, November 24, 2017 16:34
> > To: Mayman, Gadi (OFA); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)
> > Cc: Whitfield, Tobias P. (MOF); Waterston, Michael (MOF)
> > Subject: Fw: UPDATED - Fair Hydro -- Change of Law Agreements
> >
> > Fyi
> >
> > Sent from my BlackBerry 10 smartphone on the Rogers network.
> > From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
> > Sent: Friday, November 24, 2017 16:32
> > To: Mansoori, Nina; Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
> > Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett; Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
> > Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements
> >
> > Hi Nina
> >
> > I'm not sure that this timeframe is doable as we have to review and consult with clients before having this call . I think Tuesday is probably more reasonable to give us time to review the draft that we received late this afternoon coming out of comments at a meeting last Tuesday evening
> >
> > Thanks
> >
> > Malle
> >
> > Sent from my BlackBerry 10 smartphone on the Rogers network.
> > From: Mansoori, Nina
> > Sent: Friday, November 24, 2017 15:58
> > To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
> > Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett
> > Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements
> >
> > Provincial legal/Blakes/Oslers teams,
> >
> > As a follow up to my email below and given the challenges with all our schedules, we thought it prudent to block off some time on Monday to discuss the revised Change of Law Agreements. I can confirm that Torys is available for a call between 9:30 am and 2 pm on Monday. Please let us know what times work for you in that window and we will circulate a dial-in.
> >
> > Best Regards,
> > Nina
> >
> > Nina Mansoori
> >
> > P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
> > 79 Wellington St. W., 30th Floor, Box 270, TD South Tower
> > Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=9HkYFgiT5ZNrJM2wLKVGhkqXJBVCjDaTgfVEfZhQBOY&s=oCkSvHqapd7f63S_g8MwTiA0hR1kYAX0tI-THRG8olk&e= >
> > [Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=9HkYFgiT5ZNrJM2wLKVGhkqXJBVCjDaTgfVEfZhQBOY&s=oCkSvHqapd7f63S_g8MwTiA0hR1kYAX0tI-THRG8olk&e= >
> >
> > From: Mansoori, Nina
> > Sent: November-24-17 2:15 PM
> > To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
> > Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>;

Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

All – apologies, my email below did not have a blackline for the Process Agreement. It is attached. Thank you.

Nina Mansoori

From: Mansoori, Nina
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>
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Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com<mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA

LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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From: Hanslep, Malle (MOF)
To: Gadi Mayman
Cc: Mike Manning; Ken Kandeepan; Ronald Kwan; Anna Strathy; Tobias P. Whitfield (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements
Date: Sunday, November 26, 2017 2:29:26 PM

Thanks Gadi. Will let you know what the timing might be.

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Gadi Mayman
Sent: Sunday, November 26, 2017 13:52
To: Hanslep, Malle (MOF)
Cc: Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Thanks, Malle. It looks like they took more of a hatchet than a scalpel to the agreements again, which is unfortunate, but I suppose we should expect that by now.

I don't want to hold this up at all, so please don't let my schedule get in the way of a call if it doesn't match the needs of others. My available times tomorrow are from 11-12, 3:30-4 and 4:30 onwards, but please proceed with the call whenever it best suits everyone else.

Regards,
Gadi

On Nov 26, 2017, at 11:47 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>> wrote:

Hi all,

Please see my email to the provincial legal group after my preliminary review of the mark-ups. There do seem to be a number of points to discuss and I'm sure that Blakes will be able to better identify others. Perhaps an internal provincial call sometime on Monday could be arranged.

Thanks.

Malle

From: Hanslep, Malle (MOF)
Sent: November-26-17 11:41 AM
To: ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>); VINER, JON (JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); PRESTAGE, JA (JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>)
Subject: FW: UPDATED - Fair Hydro -- Change of Law Agreements

Hi all,

I have reviewed the agreements and think there are quite a few issues to discuss as a result of the mark-up. I wonder if it would work best to have a provincial legal call on Monday morning to go over the revised drafts and then have a call with our clients at the OFA and Energy afterwards? Below are some of the issues I have identified on a preliminary basis for discussion. There may be additional issues and perhaps some of these points can be worked through with more detail review.

Protection Agreement

- 2.01 (a)(iv)(B) – does revised wording work – would be good to work through this wording.

- 2.08 – change to wording re continuance of guarantee

- 4.01 – they have added back ability of Province to specifically agree that a particular Approved Obligation is covered – wonder why? And it should be in writing – not sure what our original wording on this point was

- 4.02 (b) – they have changed reference to content of certificate to Indenture Trustee (on behalf of bondholders, etc, other parties secured under trust indenture) to confirm that all certifications required by the Province have been provided instead of OPG confirming that all of its obligations to Province and internal requirements and processes in connection with adherence of Limited Guarantee have been done. This is linked to another major change they have proposed to the Process Agreement – looks like they are reducing OPG's obligations to provide certificates to the Province to mirror those that OPG is providing to the Indenture Trustee. This is a significant point and reduces OPG's obligations under the Process Agreement quite a bit and was not discussed at last Tuesday's meeting.

- 4.02(c) – Why delete in respect of which Adherence Conditions have been satisfied – not sure that concept is picked up elsewhere.

- 6.01 – Assumption is changed to case by case which means the right has to be built into the proposed warehouse and term loan documents now if it is to be available. They also deleted OPG's obligation to make efforts to include this in funding obligations in general from the Process Agreement.

- 6.05 – If the Province did assume on a case by case, then doesn't Province get rights to collateral or atleast part?

- 7.03 – What reps does the Indenture Trustee give in the Master Trust Indenture and Supplementals? If Trustee gives them there, why not here? Perhaps we should require them to get a legal opinion.

- 8.01 – Have not reviewed against previous wording but it looks like the suspension right is being reduced because it is limited to incurrence o amendment of Primary Obligations rather than breach of the Process Agreement more generally.

- 9.01 - Do the comments about the Termination notice make sense?

- Defined Term Approved Obligation Amount, Certified Primary Obligations, and others – needs to be reviewed

Process Agreement

- Have moved delivery of initial financing plan and forecast amount and Province's failure to object to recitals for timing reasons – agree that there are timing logistics that need to be worked out, but the ability of Provincial representatives to take such actions flows from Ministers power to provide the guarantee – Province needs to develop the best way to deal with these timing issues that works with our authorities and rewrite these provisions. This also applies to "Reference Documents" concept.

- 3.01 – OPG has revised so it will only provide a certificate to Province if it is required to provide a certificate under Protection Agreement to Trustee – This is a significant change that Province needs to consider. The reason that we agreed to provide a certificate in more limited circumstances to Indenture Trustee (on behalf of beneficiaries) was to assist dealers on "certainty" issues. The same principle does not apply to the Province and OPG relationship which is a separate process.

- 3.02 – Not sure what OPG is proposing here.

- 6.05 – delete obligation on OPG to cause Financing Entity to use commercially reasonable efforts to include assignment provisions in funding obligations – why?

- 7.01 – deleted suspension right in process agreement on basis that it is now in protection agreement but it is more limited.

Please let me know what time would work for you on Monday morning. I am going to pass on this email to OFA staff as well so they get a preliminary sense of the mark-up.

Thanks.

Malle
From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>'; 'JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>'
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>'; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>'; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com>'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Hume, Steen (ENERGY); Mansoori, Nina
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

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Best Regards,
Nina

Nina Mansoori

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From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com>' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Steen Hume (CAB)

<Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com<mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>'; 'katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>'; 'brian.delaney@gs.com<mailto:brian.delaney@gs.com>'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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_____

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<-CLPA - Process Agreement(November 22_17).docx>

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From:	Gadi Mayman
To:	Malle Hanslep (MOF)
Cc:	Mike Manning; Ken Kandeepan; Ronald Kwan; Anna Strathy; Tobias P. Whitfield (MOF)
Subject:	Re: UPDATED - Fair Hydro -- Change of Law Agreements
Date:	Sunday, November 26, 2017 1:52:34 PM

Thanks, Malle. It looks like they took more of a hatchet than a scalpel to the agreements again, which is unfortunate, but I suppose we should expect that by now.

I don't want to hold this up at all, so please don't let my schedule get in the way of a call if it doesn't match the needs of others. My available times tomorrow are from 11-12, 3:30-4 and 4:30 onwards, but please proceed with the call whenever it best suits everyone else.

Regards,
Gadi

On Nov 26, 2017, at 11:47 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi all,
>
> Please see my email to the provincial legal group after my preliminary review of the mark-ups. There do seem to be a number of points to discuss and I'm sure that Blakes will be able to better identify others. Perhaps an internal provincial call sometime on Monday could be arranged.
>
> Thanks.
>
> Malle
>
> ---
>
> **From:** Hanslep, Malle (MOF)
> **Sent:** November-26-17 11:41 AM
> **To:** ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); VINER, JON (JON.VINER@blakes.com); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); PRESTAGE, JA (JA.PRESTAGE@blakes.com)
> **Subject:** FW: UPDATED - Fair Hydro -- Change of Law Agreements
>
> Hi all,
>
> I have reviewed the agreements and think there are quite a few issues to discuss as a result of the mark-up. I wonder if it would work best to have a provincial legal call on Monday morning to go over the revised drafts and then have a call with our clients at the OFA and Energy afterwards? Below are some of the issues I have identified on a preliminary basis for discussion. There may be additional issues and perhaps some of these points can be worked through with more detail review.
>
> Protection Agreement
> <!--[if !supportLists]-->- <!--[endif]-->2.01 (a)(iv)(B) – does revised

wording work – would be good to work through this wording.

- <!--[if !supportLists]-->- <!--[endif]-->2.08 – change to wording re continuance of guarantee
- <!--[if !supportLists]-->- <!--[endif]-->4.01 – they have added back ability of Province to specifically agree that a particular Approved Obligation is covered – wonder why? And it should be in writing – not sure what our original wording on this point was
- <!--[if !supportLists]-->- <!--[endif]-->4.02 (b) – they have changed reference to content of certificate to Indenture Trustee (on behalf of bondholders, etc, other parties secured under trust indenture) to confirm that all certifications required by the Province have been provided instead of OPG confirming that all of its obligations to Province and internal requirements and processes in connection with adherence of Limited Guarantee have been done. This is linked to another major change they have proposed to the Process Agreement – looks like they are reducing OPG's obligations to provide certificates to the Province to mirror those that OPG is providing to the Indenture Trustee. This is a significant point and reduces OPG's obligations under the Process Agreement quite a bit and was not discussed at last Tuesday's meeting.
- <!--[if !supportLists]-->- <!--[endif]-->4.02(c) – Why delete in respect of which Adherence Conditions have been satisfied – not sure that concept is picked up elsewhere.
- <!--[if !supportLists]-->- <!--[endif]-->6.01 – Assumption is changed to case by case which means the right has to be built into the proposed warehouse and term loan documents now if it is to be available. They also deleted OPG's obligation to make efforts to include this in funding obligations in general from the Process Agreement.
- <!--[if !supportLists]-->- <!--[endif]-->6.05 – If the Province did assume on a case by case, then doesn't Province get rights to collateral or atleast part?
- <!--[if !supportLists]-->- <!--[endif]-->7.03 – What reps does the Indenture Trustee give in the Master Trust Indenture and Supplementals? If Trustee gives them there, why not here? Perhaps we should require them to get a legal opinion.
- <!--[if !supportLists]-->- <!--[endif]-->8.01 – Have not reviewed against previous wording but it looks like the suspension right is being reduced because it is limited to incurrence o amendment of Primary Obligations rather than breach of the Process Agreement more generally.
- <!--[if !supportLists]-->- <!--[endif]-->9.01 - Do the comments about the Termination notice make sense?
- <!--[if !supportLists]-->- <!--[endif]-->Defined Term Approved Obligation Amount, Certified Primary Obligations, and others – needs to be reviewed

Process Agreement

<!--[if !supportLists]-->- <!--[endif]-->Have moved delivery of initial financing plan and forecast amount and Province's failure to object to recitals for timing reasons – agree that there are timing logistics that need to be worked out, but the ability of Provincial representatives to take such actions flows from Ministers power to provide the guarantee – Province needs to develop the best way to deal with these timing issues that works with our authorities and rewrite these provisions. This also applies to "Reference Documents" concept.

<!--[if !supportLists]-->- <!--[endif]-->3.01 – OPG has revised so it will only provide a certificate to Province if it is required to provide a certificate under Protection Agreement to Trustee – This is a significant change that Province needs to consider. The reason that we agreed to provide a certificate in more limited circumstances to Indenture Trustee (on behalf of beneficiaries) was to assist dealers on "certainty" issues. The same principle does not apply to the Province and OPG relationship which is a separate process.

<!--[if !supportLists]-->- <!--[endif]-->3.02 – Not sure what OPG is proposing here.

<!--[if !supportLists]-->- <!--[endif]-->6.05 – delete obligation on OPG to cause Financing Entity to use commercially reasonable efforts to include assignment provisions in funding obligations – why?

<!--[if !supportLists]-->- <!--[endif]-->7.01 – deleted suspension right in process agreement on basis that it is now in protection agreement but it is more limited.

Please let me know what time would work for you on Monday morning. I am going to pass on this email to OFA staff as well so they get a preliminary sense of the mark-up.

Thanks.

Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Hume, Steen (ENERGY); Mansoori, Nina
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their

counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com [mailto:bwood@torys.com] **On Behalf Of** Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

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<Blackline_ProtectionAgreement.pdf>

<CLPA - Protection Agreement.docx>

<-CLPA - Process Agreement(November 22_17).docx>

From: Gadi Mayman
To: Malle Hanslep (MOF)
Cc: Mike Manning; Ken Kandeepan; Anna Strathy; Ronald Kwan; Tobias P. Whitfield (MOF); Michael Waterston (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements Briefing Time
Date: Friday, November 24, 2017 5:42:16 PM

Monday the 4th is much better for me, too, and Anna and I have let the DMO know (I've also spoken to Brigid in the MO. Anna, would you mind letting the DMO know about Malle's reasons, as well?

Thanks,
Gadi

On Nov 24, 2017, at 5:05 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi all
>
> If there is flexibility at all on the Ministers briefing Monday Dec 4th would be better than Nov 30th because Steve will be back and also it will allow us more time to finalize these agreements.
>
> Thanks
>
> Malle
>
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: Hanslep, Malle (MOF)
> Sent: Friday, November 24, 2017 16:34
> To: Mayman, Gadi (OFA); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)
> Cc: Whitfield, Tobias P. (MOF); Waterston, Michael (MOF)
> Subject: Fw: UPDATED - Fair Hydro -- Change of Law Agreements
>
> Fyi
>
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>
> Sent: Friday, November 24, 2017 16:32
> To: Mansoori, Nina; Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
> Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett; Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
> Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements
>
> Hi Nina
>
> I'm not sure that this timeframe is doable as we have to review and consult with clients before having this call . I think Tuesday is probably more reasonable to give us time to review the draft that we received late this afternoon coming out of comments at a meeting last Tuesday evening
>
> Thanks
>
> Malle
>
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: Mansoori, Nina
> Sent: Friday, November 24, 2017 15:58
> To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'; 'Milligan, Peter'; 'Sebastiano, Rocco'; 'Fullerton, Rick'
> Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett
> Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements
>
> Provincial legal/Blakes/Oslers teams,
>
> As a follow up to my email below and given the challenges with all our schedules, we thought it prudent to block off some time on Monday to discuss the revised Change of Law Agreements. I can confirm that Torys is available for a call between 9:30 am and 2 pm on Monday. Please let us know what times work for you in that window and we will circulate a dial-in.
>
> Best Regards,
> Nina
>
> Nina Mansoori
>
> P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
> 79 Wellington St. W., 30th Floor, Box 270, TD South Tower
> Toronto, Ontario M5K 1N2 Canada | www.torys.com<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=9HkYFgiT5ZNrJM2wLKVGhkqXJBVCjDaTgfVEfZhQBOY&s=oCkSvHqapd7f63S_g8MwTiA0hR1kYAX0tI-THRG8olk&e= >
> [Torys LLP]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.torys.com&d=DwIF-g&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=OdoCVLs6i-6reBTUJh9PAGSfpmSjeJXGKKb9SzvJOII&m=9HkYFgiT5ZNrJM2wLKVGhkqXJBVCjDaTgfVEfZhQBOY&s=oCkSvHqapd7f63S_g8MwTiA0hR1kYAX0tI-THRG8olk&e= >
>
> From: Mansoori, Nina
> Sent: November-24-17 2:15 PM
> To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
> Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole

<Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

All – apologies, my email below did not have a blackline for the Process Agreement. It is attached. Thank you.

Nina Mansoori

From: Mansoori, Nina
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com<mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here’s the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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From: Hanslep, Malle (MOF)
To: Gadi Mayman; Mike Manning; Ken Kandeepan; Anna Strathy; Ronald Kwan
Cc: Tobias P. Whitfield (MOF); Michael Waterston (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements Briefing Time
Date: Friday, November 24, 2017 5:05:42 PM

Hi all

If there is flexibility at all on the Ministers briefing Monday Dec 4th would be better than Nov 30th because Steve will be back and also it will allow us more time to finalize these agreements.

Thanks

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Hanslep, Malle (MOF)
Sent: Friday, November 24, 2017 16:34
To: Mayman, Gadi (OFA); Manning, Mike (OFA); Kandeepan, Ken (OFA); Strathy, Anna (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF); Waterston, Michael (MOF)
Subject: Fw: UPDATED - Fair Hydro -- Change of Law Agreements

Fyi

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Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett; Thouin, Alena (ENERGY); McKinlay, Tom (MAG)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Nina

I'm not sure that this timeframe is doable as we have to review and consult with clients before having this call . I think Tuesday is probably more reasonable to give us time to review the draft that we received late this afternoon coming out of comments at a meeting last Tuesday evening

Thanks

Malle

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Cc: Ramchandani, Rima; Feldman, Michael; Saulnier, Brett
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Provincial legal/Blakes/Oslers teams,

As a follow up to my email below and given the challenges with all our schedules, we thought it prudent to block off some time on Monday to discuss the revised Change of Law Agreements. I can confirm that Torys is available for a call between 9:30 am and 2 pm on Monday. Please let us know what times work for you in that window and we will circulate a dial-in.

Best Regards,
Nina

Nina Mansoori

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Sent: November-24-17 2:15 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

All – apologies, my email below did not have a blackline for the Process Agreement. It is attached. Thank you.

Nina Mansoori

From: Mansoori, Nina
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN' <STEPHEN.ASHBOURNE@blakes.com<mailto:STEPHEN.ASHBOURNE@blakes.com>>; 'JON.VINER@blakes.com' <JON.VINER@blakes.com<mailto:JON.VINER@blakes.com>>; 'JA.PRESTAGE@blakes.com' <JA.PRESTAGE@blakes.com<mailto:JA.PRESTAGE@blakes.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Blakes team,

Please find attached consolidated comments from the dealers and OPG (and their counsels) on the draft documents circulated below. These changes are drafting changes and clean up changes that reflect our discussions from earlier this week where we addressed all the open business points. Where we changed a concept or revised the drafting, we provided an explanation in the footnote to assist in your review.

The one substantive point we think requires further discussion is on the assumption mechanics; we understand that the Province is no longer seeking an exchange right. Once you have digested these new drafts, we'd like to schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]

Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com<mailto:rramchandani@torys.com>>; LEE John -TREASURY <john.s.lee@opg.com<mailto:john.s.lee@opg.com>>; RYFA Ken -TREASURY <ken.ryfa@opg.com<mailto:ken.ryfa@opg.com>>; 'HAHN PARKER Janet -TREASURY' <j.hahnparker@opg.com<mailto:j.hahnparker@opg.com>>; MAUTI John -FIN & C CTRL <john.mauti@opg.com<mailto:john.mauti@opg.com>>; LAURETA LAPIRA May -TREASURY <may.lapira@opg.com<mailto:may.lapira@opg.com>>; Mansoori, Nina <nmansoori@torys.com<mailto:nmansoori@torys.com>>; Feldman, Michael <mfeldman@torys.com<mailto:mfeldman@torys.com>>; WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>; 'Sebastiano, Rocco' <RSebastiano@osler.com<mailto:RSebastiano@osler.com>>; Milligan, Peter <PMilligan@osler.com<mailto:PMilligan@osler.com>>; Fullerton, Rick <RFullerton@osler.com<mailto:RFullerton@osler.com>>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca<mailto:Gadi.Mayman@ofina.on.ca>>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com<mailto:ian.benaiah@rbccm.com>>; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)' <nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com<mailto:brent.r.taylor@rbccm.com>>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com<mailto:katrina.niehaus@gs.com>>; 'brian.delaney@gs.com' <brian.delaney@gs.com<mailto:brian.delaney@gs.com>>; Maciel, Andrew <Andrew.Maciel@cibc.com<mailto:Andrew.Maciel@cibc.com>>; Adalja, Sunil <Sunil.Adalja@cibc.com<mailto:Sunil.Adalja@cibc.com>>; Persad, Nicole <Nicole.Persad@cibc.com<mailto:Nicole.Persad@cibc.com>>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com<mailto:Donnie.Persaud@cibc.com>>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; LADAK Lubna -TREASURY <lubna.ladak@opg.com<mailto:lubna.ladak@opg.com>>; Anna Strathy <Anna.Strathy@ofina.on.ca<mailto:Anna.Strathy@ofina.on.ca>>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca<mailto:Mark.Donaldson@ontario.ca>>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>) <Daniel.Cayley@ontario.ca<mailto:Daniel.Cayley@ontario.ca>>; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; Steen Hume (CAB) <Steen.Hume@ontario.ca<mailto:Steen.Hume@ontario.ca>>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com<mailto:stephen.ashbourne@blakes.com>
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com<mailto:bwood@torys.com> [mailto:bwood@torys.com] On Behalf Of Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com<mailto:nur.khan@rbccm.com>)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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_____

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From: Anna Strathy
To: Gadi Mayman
Cc: Malle Hanslep (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Tobias P. Whitfield (MOF)
Subject: Re: UPDATED - Fair Hydro -- Change of Law Agreements
Date: Monday, November 27, 2017 1:47:50 PM

Hi Malle, would you like me to set this meeting up?

Anna

--
Anna Strathy
Special Policy Advisor to the CEO
Ontario Financing Authority
416.325.8032

On Nov 27, 2017, at 1:24 PM, Gadi Mayman <Gadi.Mayman@ofina.on.ca> wrote:

> Yes, thanks, Malle, that timing works for me.
>
> Regards,
> Gadi
>
> On Nov 27, 2017, at 1:03 PM, Hanslep, Malle (MOF)
> <Malle.Hanslep@ontario.ca> wrote:
>
> > Hi Gadi,
> >
> > We just finished our call with Blakes and Energy Legal. There are a number of points that we would like to discuss with you.
> >
> > If you are still free at 3:30 we could speak to you then?
> >
> > Thanks.
> >
> > Malle
> >
> > ---
> >
> > **From:** Gadi Mayman [mailto:Gadi.Mayman@ofina.on.ca]
> > **Sent:** November 26, 2017 1:53 PM
> > **To:** Hanslep, Malle (MOF)
> > **Cc:** Manning, Mike (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
> > **Subject:** Re: UPDATED - Fair Hydro -- Change of Law Agreements
> >
> > Thanks, Malle. It looks like they took more of a hatchet than a scalpel to the agreements again, which is unfortunate, but I suppose we should expect that by now.
> >
> > I don't want to hold this up at all, so please don't let my schedule get in the way of a call if it doesn't match the needs of others. My

available times tomorrow are from 11-12, 3:30-4 and 4:30 onwards, but please proceed with the call whenever it best suits everyone else.

Regards,
Gadi

On Nov 26, 2017, at 11:47 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi all,
>
> Please see my email to the provincial legal group after my preliminary review of the mark-ups. There do seem to be a number of points to discuss and I'm sure that Blakes will be able to better identify others. Perhaps an internal provincial call sometime on Monday could be arranged.
>
> Thanks.
>
> Malle
>
> ---
>
> **From:** Hanslep, Malle (MOF)
> **Sent:** November-26-17 11:41 AM
> **To:** ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); VINER, JON (JON.VINER@blakes.com); Whitfield, Tobias P. (MOF); Thouin, Alena (ENERGY); McKinlay, Tom (ENERGY); PRESTAGE, JA (JA.PRESTAGE@blakes.com)
> **Subject:** FW: UPDATED - Fair Hydro -- Change of Law Agreements
>
> Hi all,
>
> I have reviewed the agreements and think there are quite a few issues to discuss as a result of the mark-up. I wonder if it would work best to have a provincial legal call on Monday morning to go over the revised drafts and then have a call with our clients at the OFA and Energy afterwards? Below are some of the issues I have identified on a preliminary basis for discussion. There may be additional issues and perhaps some of these points can be worked through with more detail review.
>
> Protection Agreement
>
> <!--[if !supportLists]-->- <!--[endif]-->2.01 (a)(iv)(B) – does revised wording work – would be good to work through this wording.
>
> <!--[if !supportLists]-->- <!--[endif]-->2.08 –

change to wording re continuance of guarantee

<!--[if !supportLists]-->- <!--[endif]-->4.01 – they have added back ability of Province to specifically agree that a particular Approved Obligation is covered – wonder why? And it should be in writing – not sure what our original wording on this point was

<!--[if !supportLists]-->- <!--[endif]-->4.02 (b) – they have changed reference to content of certificate to Indenture Trustee (on behalf of bondholders, etc, other parties secured under trust indenture) to confirm that all certifications required by the Province have been provided instead of OPG confirming that all of its obligations to Province and internal requirements and processes in connection with adherence of Limited Guarantee have been done. This is linked to another major change they have proposed to the Process Agreement – looks like they are reducing OPG's obligations to provide certificates to the Province to mirror those that OPG is providing to the Indenture Trustee. This is a significant point and reduces OPG's obligations under the Process Agreement quite a bit and was not discussed at last Tuesday's meeting.

<!--[if !supportLists]-->- <!--[endif]-->4.02(c) – Why delete in respect of which Adherence Conditions have been satisfied – not sure that concept is picked up elsewhere.

<!--[if !supportLists]-->- <!--[endif]-->6.01 – Assumption is changed to case by case which means the right has to be built into the proposed warehouse and term loan documents now if it is to be available. They also deleted OPG's obligation to make efforts to include this in funding obligations in general from the Process Agreement.

<!--[if !supportLists]-->- <!--[endif]-->6.05 – If the Province did assume on a case by case, then doesn't Province get rights to collateral or atleast part?

<!--[if !supportLists]-->- <!--[endif]-->7.03 – What reps does the Indenture Trustee give in the Master Trust Indenture and Supplementals? If Trustee gives them there,

why not here? Perhaps we should require them to get a legal opinion.

<!--[if !supportLists]-->- <!--[endif]-->8.01 – Have not reviewed against previous wording but it looks like the suspension right is being reduced because it is limited to incurrence o amendment of Primary Obligations rather than breach of the Process Agreement more generally.

<!--[if !supportLists]-->- <!--[endif]-->9.01 - Do the comments about the Termination notice make sense?

<!--[if !supportLists]-->- <!--[endif]-->Defined Term Approved Obligation Amount, Certified Primary Obligations, and others – needs to be reviewed

Process Agreement

<!--[if !supportLists]-->- <!--[endif]-->Have moved delivery of initial financing plan and forecast amount and Province's failure to object to recitals for timing reasons – agree that there are timing logistics that need to be worked out, but the ability of Provincial representatives to take such actions flows from Ministers power to provide the guarantee – Province needs to develop the best way to deal with these timing issues that works with our authorities and rewrite these provisions. This also applies to "Reference Documents" concept.

<!--[if !supportLists]-->- <!--[endif]-->3.01 – OPG has revised so it will only provide a certificate to Province if it is required to provide a certificate under Protection Agreement to Trustee – This is a significant change that Province needs to consider. The reason that we agreed to provide a certificate in more limited circumstances to Indenture Trustee (on behalf of beneficiaries) was to assist dealers on "certainty" issues. The same principle does not apply to the Province and OPG relationship which is a separate process.

<!--[if !supportLists]-->- <!--[endif]-->3.02 – Not sure what OPG is proposing here.

<!--[if !supportLists]-->- <!--[endif]-->6.05 – delete obligation on OPG to cause Financing

Entity to use commercially reasonable efforts to include assignment provisions in funding obligations – why?

<!--[if !supportLists]-->- <!--[endif]-->7.01 – deleted suspension right in process agreement on basis that it is now in protection agreement but it is more limited.

Please let me know what time would work for you on Monday morning. I am going to pass on this email to OFA staff as well so they get a preliminary sense of the mark-up.

Thanks.

Malle

From: Mansoori, Nina [mailto:nmansoori@torys.com]
Sent: November-24-17 2:04 PM
To: 'ASHBOURNE, STEPHEN'; 'JON.VINER@blakes.com'; 'JA.PRESTAGE@blakes.com'
Cc: Kandeepan, Ken (OFA); LADAK Lubna -TREASURY; Strathy, Anna (OFA); Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS); Cayley, Daniel (ENERGY); Thouin, Alena (ENERGY); Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May - TREASURY; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets; Hume, Steen (ENERGY); Mansoori, Nina
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

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schedule a lawyers call early next week to finalize them.

Best Regards,
Nina

Nina Mansoori

P. 416.865.7332 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

From: ASHBOURNE, STEPHEN [mailto:STEPHEN.ASHBOURNE@blakes.com]
Sent: November-21-17 5:17 PM
To: Ramchandani, Rima <rramchandani@torys.com>; LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken - TREASURY <ken.ryfa@opg.com>; 'HAHN PARKER Janet - TREASURY' <j.hahnparker@opg.com>; MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LAURETA LAPIRA May - TREASURY <may.lapira@opg.com>; Mansoori, Nina <nmansoori@torys.com>; Feldman, Michael <mfeldman@torys.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; 'Sebastiano, Rocco' <RSebastiano@osler.com>; Milligan, Peter <PMilligan@osler.com>; Fullerton, Rick <RFullerton@osler.com>; Mayman, Gadi (OFA) <Gadi.Mayman@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>; 'ian.benaiah@rbccm.com' <ian.benaiah@rbccm.com>; 'Khan, Nur (nur.khan@rbccm.com)' <nur.khan@rbccm.com>; 'brent.r.taylor@rbccm.com' <brent.r.taylor@rbccm.com>; 'katrina.niehaus@gs.com' <katrina.niehaus@gs.com>; 'brian.delaney@gs.com' <brian.delaney@gs.com>; Maciel, Andrew <Andrew.Maciel@cibc.com>; Adalja, Sunil <Sunil.Adalja@cibc.com>; Persad, Nicole <Nicole.Persad@cibc.com>; Persaud, Donnie - Debt Capital Markets <Donnie.Persaud@cibc.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Donaldson, Mark (TBS) <Mark.Donaldson@ontario.ca>; Cayley, Daniel (ENERGY) (Daniel.Cayley@ontario.ca) <Daniel.Cayley@ontario.ca>;

Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca) <Alena.Thouin@ontario.ca>; Steen Hume (CAB) <Steen.Hume@ontario.ca>
Subject: RE: UPDATED - Fair Hydro -- Change of Law Agreements

Hi Rima. Here are my mark-ups of the agreements Torys circulated yesterday afternoon. These versions have not been reviewed by the Province, but are being circulated to this group to facilitate a discussion shortly at your office. They are/remain subject to Province input, etc. We propose to gather at your office at 5:45, if that makes sense to you. Regards, Steve

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

-----Original Appointment-----
From: bwood@torys.com [mailto:bwood@torys.com] **On Behalf Of** Ramchandani, Rima
Sent: Tuesday, November 21, 2017 3:43 PM
To: Ramchandani, Rima; LEE John -TREASURY; RYFA Ken -TREASURY; 'HAHN PARKER Janet -TREASURY'; MAUTI John -FIN & C CTRL; LAURETA LAPIRA May -TREASURY; Mansoori, Nina; Feldman, Michael; WONG Leslie -LAWDIV; 'Sebastiano, Rocco'; Milligan, Peter; Fullerton, Rick; Mayman, Gadi (OFA); Manning, Mike (OFA); Hanslep, Malle (MOF); ASHBOURNE, STEPHEN; 'ian.benaiah@rbccm.com'; 'Khan, Nur (nur.khan@rbccm.com)'; 'brent.r.taylor@rbccm.com'; 'katrina.niehaus@gs.com'; 'brian.delaney@gs.com'; Maciel, Andrew; Adalja, Sunil; Persad, Nicole; Persaud, Donnie - Debt Capital Markets
Cc: Ken Kandeepan; LADAK Lubna -TREASURY; Anna Strathy; Veinot, Cindy (TBS); McKinlay, Tom (MAG); Donaldson, Mark (TBS)
Subject: UPDATED - Fair Hydro -- Change of Law Agreements
When: Tuesday, November 21, 2017 5:00 PM-9:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Torys - 79 Wellington 33rd Floor

For those unable to participate in person, here's the dial-in:

Dial-in: 1-800-600-0998
Access Code: 8657666#

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———————————

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permanente.

<-CLPA - Process Agreement(November 22_17).pdf>

<Blackline_ProtectionAgreement.pdf>

<CLPA - Protection Agreement.docx>

<-CLPA - Process Agreement(November 22_17).docx>

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From:	Ronald.Kwan@ofina.on.ca
To:	Malle Hanslep (MOF); Anna Strathy
Cc:	Ken Kandeepan; Gadi Mayman; Usman Zahid; Tobias P. Whitfield (MOF); Mike Manning
Subject:	Re: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Date:	Tuesday, November 21, 2017 10:02:13 AM

Hi,

Looks okay to me, but we might anticipate a Follow-up on what the issues are, positions, options and a path forward to resolution.

Ron

On Nov 21, 2017, at 9:56 AM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> This is ok from my perspective – just want to ensure others agree as well.
>
> ---
>
> **From:** Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
> **Sent:** November 21, 2017 9:55 AM
> **To:** Hanslep, Malle (MOF); Kandeepan, Ken (OFA)
> **Cc:** Kwan, Ronald (OFA); Mayman, Gadi (OFA); Zahid, Usman (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA)
> **Subject:** RE: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
>
> Thanks very much, Malle. How about this?
>
> - The Province is continuing to negotiate the terms of the Change of Law Protection Agreement and related Process Agreement with OPG and the dealers.
> - A number of new points and proposed revisions have been raised by OPG and the dealers this morning on the draft that the Province sent last Friday Nov 17.
> - The Province and OPG are looking to resolve as many outstanding issues as possible before OPG's Board reviews the Agreements tomorrow morning.
>
> ---
>
> **From:** Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> **Sent:** Tuesday, November 21, 2017 9:49 AM
> **To:** Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Cc:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
> **Subject:** RE: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
>
> Hi Anna,

I am not sure what should be included about current status in terms of the response we received from Torys/OPG today setting out a new proposal and the ability to resolve those issues before OPG's board meeting tomorrow. Although yesterday at noon it seemed that we were not too far away from finalization, a number of new points and proposed revisions have been raised by OPG and the dealers on the draft that the Province sent last Friday Nov 17th. .

The Province is continuing to negotiate the terms of the Change of Law Protection Agreement and related Process Agreement with OPG and the dealers.

Malle

From: Anna Strathy [mailto:Anna.Strathy@ofina.on.ca]
Sent: November 21, 2017 9:36 AM
To: Kandeepan, Ken (OFA); Hanslep, Malle (MOF)
Cc: Kwan, Ronald (OFA); Mayman, Gadi (OFA); Zahid, Usman (OFA); Whitfield, Tobias P. (MOF); Manning, Mike (OFA)
Subject: FW: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Importance: High

Hi Ken, Malle,

CO is asking for a few bullets on the status of the provincial guarantee and any issues/concerns – for their internal briefing purposes only. **Request is for 10am.**

Could you please provide a few bullets on the status and issues?

Thanks, Anna

From: Tekle, Jonathan (MOF) [mailto:Jonathan.Tekle@ontario.ca]
Sent: Tuesday, November 21, 2017 9:29 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: David McLean (MOF) <David.McLean@ontario.ca>
Subject: FW: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Importance: High

Hi Anna,

Can you flag this for Gadi and legal? We need to pull together a few bullets for CO on status\issues.

See below. Please let me know if there are any issues.

Thanks,

Jonathan

From: Tekle, Jonathan (MOF)
Sent: November 21, 2017 9:27 AM
To: Johnson, Maureen (CAB)
Cc: McLean, David (MOF); Rankin, Christine (CAB)
Subject: RE: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP

Hi Maureen,

Welcome! I just need to circle back with OFA and Legal as there have been on-going conversations daily on this. Will send asap.

Looking forward to working with you as well. We'll have to find time for a coffee when you're all settled.

Cheers,
Jonathan

From: Johnson, Maureen (CAB)
Sent: November 21, 2017 9:18 AM
To: Tekle, Jonathan (MOF)
Cc: McLean, David (MOF); Rankin, Christine (CAB)
Subject: Urgent Request: Status Update- Provincial Guarantee Agreement related to OFHP
Importance: High

Hi Jonathan,

I'm the new CO advisor for MOF (everything except cannabis). Looking forward to working with you.

Would it be possible to get a brief status update on the Provincial Guarantee Agreement related to Ontario's Fair Hydro Plan by 10 am? A few bullets on current status and any issues or concerns would be appreciated.

Thank you,
Maureen

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and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Anna Strathy
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Ken Kandeepan; Mike Manning; Ronald Kwan; Usman Zahid; John Kim; Veinot, Cindy (TBS); Hilary Cox (ENE); Steen Hume (CAB); Tim Christie (ENERGY); Mark Donaldson (MOF); "Hosick, Sarah (TBS)"; Daniel Cayley (ENERGY)
Subject:	Regroup | Protection Agreement, Discussion of Markup

---

Teleconference 416-933-3865
Conference ID: 9845204
Blakes as Moderator

From: Hresa Gavaris

To: Gadi Mayman; Anna Strathy; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Usman Zahid

Subject: Regroup | Protection Agreement

From: Anna Strathy
To: Ronald Kwan; Mike Manning; Ken Kandeepan
Subject: Regroup on Provincial Protection Agreement
Date: Tuesday, September 19, 2017 8:47:33 AM

I thought we may want to regroup with Gadi this morning on yesterday's meeting with OPG and Tory's. Could you please advise of your availability between 9:30am and 12pm?

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

From: Anna Strathy
To: Ken Kandeepan; Ronald Kwan; Mike Manning; Gadi Mayman
Subject: Regroup on Provincial Protection Agreement

From:	Anna Strathy
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Ken Kandeepan; Mike Manning; Ronald Kwan; Usman Zahid
Subject:	Regroup: Protection Agreement, Alternative Option

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
Anna to Moderate

From:	Anna Strathy
To:	Hosick, Sarah (TBS); Hilary Cox (ENE)
Cc:	Patrick Laughton (MOF); Jonathan Tekle (CAB); Malle Hanslep (MOF); Gadi Mayman; Ronald Kwan; Ken Kandeepan; Mike Manning; Tobias P. Whitfield (MOF); Mark Donaldson (MOF); Tim Christie (ENERGY)
Subject:	Request for input by 2PM: Deck to support tri-Ministers briefing tomorrow
Date:	Tuesday, November 28, 2017 11:46:59 AM
Attachments:	23254960-v4-Province Limited Guarantee - Briefing Deck.pptx
Importance:	High

Hi Sarah, Hilary,

Apologies for the urgent email, but we are seeking your input on a very short timeline. The attached deck was prepared by Blakes, with input from MOF Legal (in red text), for use at the Ministers' briefing tomorrow at noon re: the Provincial Protection Agreement for the OFHP. I'd like to have this track to each of our DMOs by 3pm today, for transmittal to MOs before eod.

Hilary – Energy's input is required on the context slide as well as third bullet on slide 6 (re: regulation that caps acceleration) – as well as throughout as you deem necessary. Furthermore, since OPG will be at the briefing, we should think about framing the risks slide (10) from both the Province's and OPG's perspectives.
Sarah – we have left a placeholder for accounting implications/risks on slides 9 and 10; however, we defer to OPCD on whether these slides are necessary. We are open to deleting them altogether and just having OPCD/TBS to speak to these issues at the briefing if questions are raised.

Please provide your input by 2:00pm today, for me to consolidate. If you could please highlight your changes, that will assist me in consolidating. I'll copy each of you on the final product as it tracks up to MOF's DMO. I'll have our DMO share with TBS and Energy DMOs.

Thanks very much and happy to discuss.

Anna

Anna Strathy
Special Policy Advisor to CEO
Ontario Financing Authority
1 Dundas Street West, 14th Floor
416.325.8032 | anna.strathy@ofina.on.ca

Ontario Fair Hydro Plan

Limited Guarantee from the Province

[Date]Appropriate cover page to be inserted

Context – should be reviewed and updated as required

- Ontario Fair Hydro Plan Act ("**Act**") permits debt financings through one or more [special purpose] financing entities, to be managed by OPG
  - Proceeds of financings are used to acquire portions of the Fair Hydro regulatory asset ("**Investment Interests**") from IESO
  - Amounts owing will be serviced from "clean energy adjustments" ("**CEAs**") collected from "specified consumers"
- Hydro Trust [will be] established to facilitate the first financing transactions
  - Some combination of short-term "warehouse financings" and long-term notes will be issued
  - OPG, funded by the Province, will acquire subordinated debt issued by Hydro Trust
  - Proceeds raised before December 31st are expected to be $•M ($•M from external investors)
  - Future issuances will follow the same pattern (51% external/senior; 49% OPG/subordinated)
- Payment obligations will be owed to noteholders, lenders, credit enhancers, derivative counterparties, service providers, etc.
  - Payment obligations will be governed under a Trust Indenture
  - Hydro Trust payment obligations under the Trust Indenture are "Obligations Secured"
- Limited Guarantee from the Province of obligations payable by Hydro Trust when due
  - Province pays only upon a "Protection Event"
  - Limited Guarantee applies to almost all Obligations Secured
  - Certain "**Adherence Conditions**" to be satisfied before Limited Guarantee willy apply to material obligations
- Two relevant agreements:
  i. Change of Law Protection Agreement ("**Protection Agreement**")
  ii. Change of Law Process Agreement ("**Process Agreement**")

Limited Guarantee from the Province

- Triggered by a "**Protection Event**": Either:
  - There is a change of law (by the Legislature, LGIC, Ministers, government officials, government appointed boards, etc.) or implementation of a change in the organization or structure of the IESO or Ontario's electricity market undertaken at the initiative of the Province or and entity controlled by the Province that materially and adversely affects either (1) the ability of Hydro Trust to receive CEA cash flows or (2) the Protection Agreement or any Obligation Secured
  - A court of competent jurisdiction determines that any part of the OFHPA or the related regulations are *ultra vires* or invalid in a way that materially and adversely affects the ability of Hydro Trust to receive CEA cash flows and that in fact results in a deficiency such that Hydro Trust cannot pay Obligations Secured when they become due

- **Not covered by the Limited Guarantee:**
  - Amounts required to be deposited into collateral or reserve accounts established under the Hydro Trust program to credit enhance or provide liquidity for ultimate payment of Obligations Secured
  - Certain residual payments to OPG under the "payment waterfall"

- **Term:** Until all applicable Obligations Secured are paid in full

Adherence Conditions

- Certain minimal conditions will apply before the Limited Guarantee will attach to applicable Obligations Secured:
  - **Incurrence of indebtedness to fund ownership of an Investment Interest**
  - **Entry into ISDA master agreements**
  - **Entry into service contracts with term > 3 years and aggregate payments >$5M that are not terminable on giving 3 years notice or less**

- Those conditions are:
  - Must be an Obligation Secured under the Trust Indenture
  - Delivery of officer's certificate by OPG to Indenture Trustee confirming compliance with internal processes as between OPG and the Province in connection the Limited Guarantee (under the Process Agreement)
  - Province has not delivered a "Suspension Notice"

Process between Province and OPG

- Process Agreement between Province and OPG
  - Sets out informational requirements and supporting affirmations regarding incurrence or amendment of Obligations Secured
  - Contemplates some (limited) rights of Province to comment on disclosure and terms of Obligations Secured
  - Provides for OPG executive officer affirmation regarding certain matters (in a "**Process Certificate**")

- Delivery of Process Certificate by OPG executive officers to the Province setting out:
  - Material terms of obligations (incurrence or amendment)
  - Confirmation that terms are "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that the offering document is "**Substantially in the Form**" of the "**Reference Documentation**"
  - Confirmation that no breach of the Process Agreement has occurred
  - Confirmation that the maximum payment amounts due in the future under the obligation plus other outstanding amounts will not exceed the "**Protection Agreement Maximum**"
  - Confirmation that any disclosure referring to the Protection Agreement or Process Agreement was made available to the Province
  - Confirmation as to reasonableness, arm's length terms and conditions, and compliance with the Act and the Financing Plan

- Suspension Right
  - Uncured breach of Process Agreement or breach by any party of other program agreements allows Province to suspend Limited Guarantee for new obligations, other than for refinancings
  - Exercise of suspension right does not impact prior Hydro Trust obligations covered under the Limited Guarantee

Obligation of Province on Protection Event

- Make payments on Limited Guarantee
- Payments replicate stream of CEAs to pay amounts due and payable by Hydro Trust
- In event of an acceleration of any Obligation Secured, Province would pay acceleration amounts, capped at scheduled payment amounts (without acceleration) plus an additional amount up to the “fair allocation” in the aggregate [should this reference regulation?]
- Province will be subrogated to rights of the creditors of Hydro Trust to the extent of performance under the Limited Guarantee

Obligations of OPG

- Process Agreement obligates OPG, but without limiting protections under existing indemnity agreement
  - Province has indemnified OPG, its subsidiaries, and each of their respective directors, officers and employees from liability resulting from activities under the Act and activities of Hydro Trust pursuant to an Indemnity Agreement
- If there is any conflict between the Process Agreement, the Protection Agreement and the existing Indemnity Agreement in respect of any matter relating to the Province's indemnification obligations in favour of OPG, the Indemnity Agreement is paramount

Provincial Approval Process

- Authorization under Section 5(3) of OFHPA
  - Section 5(3) provides that LGIC may by order authorize the Minister of Energy and Minister of Finance, acting together on behalf of the Province, to agree to guarantee or indemnify obligations associated with an Investment Interest
- Order in Council 1981/2017 made pursuant to subsection 5(3) of the OFHPA
  - The OIC authorizes the Minister of Energy and the Minister of Finance, acting together on behalf of Ontario, to enter into one or more agreements to guarantee or indemnify the debts, obligations, securities or undertakings of a financing entity established under the OFHPA associated with investment interests acquired by a financing entity.
- [Should TB approval be included here?]
- Approval under section 28 of *Financial Administration Act* will be required prior to entry into the Protection Agreement and the Process Agreement by the Minister of Finance and the Minister of Energy.

Accounting Implications

- [Please complete. Please describe absence of lump-sum recognition and other disclosure/notes that would be required in Province's financial statements.]

- [Please also complete following slide in respect of accounting risks.]

Risks

- Accounting
  - [Please add a sub-bullet on accounting risks (e.g., control limitations; loss of off-balance sheet treatment if a Protection Event occurs)]
- Province dependent on OPG in relation to most key matters relating to the Limited Guarantee
  - Less power/information than would typically be afforded to a guarantor
  - Significant reliance on OPG to deliver timely, accurate information
  - Province has no say on financing decisions if permitted by the Financing Plan **[, except in narrow circumstances]**
- Even without a change of law by the Legislature, a court determination may trigger a Protection Event
- Possible criticism for wholesale delegation to OPG; although accounting considerations and the Act itself lead to this outcome
- Possible opportunistic litigation by Hydro Trust creditors incentivized by spread differentials to trigger a Protection Event

From:	Anna Strathy
To:	Anna Strathy; Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); "stephen.ashbourne@blakes.com"; Hresa Gavaris; John Psinas
Subject:	Review Draft Guarantee & Procedures Document | OFA, OPCD, MOF, Legal Counsel
Start:	Thursday, November 02, 2017 12:00:00 PM
End:	Thursday, November 02, 2017 3:00:00 PM
Location:	Executive Boardroom, 14th Floor, 1 Dundas OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

From:	Anna Strathy
To:	Tobias P. Whitfield (MOF); Gadi Mayman; Ken Kandeepan; Malle Hanslep (MOF); Veinot, Cindy (TBS); Mike Manning; Ronald Kwan; Scott Nelms (ENERGY); James Devine; Carlos Yep; Cengarle, John (MOF); Keley Katona (ENERGY); Mark Donaldson (MOF); Usman Zahid; Anis Hirani; John Kim; Tom McKinlay (MAG); Thouin, Alena (ENERGY); "stephen.ashbourne@blakes.com"; Hresa Gavaris; John Psinas
Cc:	Steen Hume (CAB); Daniel Cayley (ENERGY)
Subject:	Review Draft Guarantee & Procedures Document | OFA, OPCD, MOF, Legal Counsel
Start:	Thursday, November 02, 2017 12:00:00 PM
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Location:	Executive Boardroom, 14th Floor, 1 Dundas OR Teleconference 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Nov 2: Rescheduled from 10:00am to 12:00pm
MOF Legal is expecting a second draft between 9 and 10am today. The later meeting time will allow time to review prior to discussing.
Lunch will be provided

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

From:	ASHBOURNE, STEPHEN
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; Ken Kandeepan; Ronald Kwan; Thouin, Alena (ENERGY) (Alena.Thouin@ontario.ca); Tom McKinlay (MAG)
Cc:	VINER, JON
Subject:	SRA Comments on the Process Agreement
Date:	Friday, November 17, 2017 2:28:19 PM
Attachments:	23239361-v12-CLPA - Process Agreement.DOCX 23239361-vpdf-CLPA - Process Agreement.PDF

Please see attached.

Stephen R. Ashbourne
Partner
stephen.ashbourne@blakes.com
Dir: 416-863-3086

———————————

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HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**") is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[1]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[2]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

All things necessary to make this Agreement a valid and legally binding agreement of OPG and the Province, have been done.

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[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare.

[2] Once agreements are settled, Province to provide draft notice.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this

Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Not less than 10 Business Days prior to (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) resign as the Manager under the Management Agreement; or

(C) permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

(iv) after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension

right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation, and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:[3]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in

[3] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 Intentionally Deleted

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of

Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 <u>Representations and Warranties of the Province</u>

The Province hereby represents and warrants that:

(a) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[4]

6.01 Election by the Province

Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province may deliver to OPG a notice in the form of Exhibit A (an "**Election Information Notice**"). The Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be

[4] Note: Lawyers to discuss assumption mechanics.

considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province expects that assignment and assumption will be effected. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section 6.01 of the Change of Law Protection Agreement. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice and Article VI of this Agreement shall continues to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use commercially reasonable efforts to ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, **[other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a**

commercially reasonable basis under a Derivative Agreement][NTD: Subject to the input of the dealers.][5]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to OPG, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a Suspension Notice to the Indenture Trustee, OPG and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

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[5] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

SCHEDULE A
DEFINED TERMS[6]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

[6] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement but in no event shall it include obligations to service providers or amounts payable by the Financing Entity to a counterparty under any agreement permitted to be entered into by the Financing Entity pursuant to the Program Agreements.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ELECTION INFORMATION NOTICE

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY AND THE MINISTER OF FINANCE

AND

ONTARIO POWER GENERATION INC.

CHANGE OF LAW PROCESS AGREEMENT

Dated as of [■], 2017

This **CHANGE OF LAW PROCESS AGREEMENT**, between Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy and the Minister of Finance (the "**Province**"), and Ontario Power Generation Inc. ("**OPG**")[1] is made and entered into as of [■], 2017.

RECITALS

OPG is appointed as the Financial Services Manager under Section 18 of the *Ontario Fair Hydro Plan Act, 2017* (the "**Act**").

Pursuant to Section 22(2) of the Act, OPG, in its capacity as the Financial Services Manager (the "**FSM**"), may establish or cause to be established one or more financing entities (as defined in the Act), which may incur Funding Obligations in accordance with the Act.[2]

Pursuant to a Declaration of Trust dated as of [■], 2017, the Financing Entity was established as a "financing entity" (as defined in the Act) for the purposes contemplated in the Act.

Concurrent with this Agreement, the Province, the FSM, the Financing Entity and the Indenture Trustee will enter into the Change of Law Protection Agreement under which the Province will agree to provide protections and assurances to the Indenture Trustee, for the benefit of the Beneficiaries, in respect of Obligations Secured that constitute Approved Obligations, in order to address concerns that would arise from a change or adverse determination of law, subject in each case to the satisfaction of the Adherence Conditions.

Prior to entering into this Agreement, OPG provided the Province with copies of certain of the Transaction Documents, and the Province has confirmed by a notice delivered to OPG that the reviewed forms (as further described in such notice) shall be Reviewed Documentation for the purposes of this Agreement.[3]

This Agreement sets out the obligations OPG has agreed to perform and assurances OPG has agreed to provide and on which the Province will rely in entering into and implementing the Change of Law Protection Agreement, including for the purposes of determining whether the Adherence Conditions have been satisfied, maintaining information related to the Program Agreements and the Approved Obligations, and ensuring that the Province's assumption rights pursuant to Article VI of the Change of Law Protection Agreement may be exercised without impediment on the terms and conditions contemplated in this Agreement and the Change of Law Protection Agreement.

[1] ~~We do not believe OPG is entering into this Agreement as agent on behalf of the Trust. Rather, OPG is entering into this Agreement at the request of its shareholder, the Province, in order to satisfy the Province's reporting requirements regarding the Fair Hydro Plan.~~

[2] ~~Blakes to advise what they would like to see as evidence of OPG's establishment of the Trust as a financing entity. OPG can send the Province the retainer of Computershare to act as issuer trustee to the Trust~~[1] Blakes suggests that it be made clear in the Declaration of Trust that OPG is establishing the Trust. Blakes would appreciate the benefit of Torys analysis as to how the Trust is an "entity" under the OFHPA, as opposed to the trustee. Clearly OPG has not established Computershare.

[3] Once agreements are settled, Province to provide draft notice.

All things necessary to make this Agreement a valid and legally binding agreement of OPG~~,~~ and ~~of~~ the Province ~~in accordance with the Act~~, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms used in this Agreement that are defined in Schedule A have the meanings assigned to them in Schedule A;

(b) the terms used in this Agreement that are not defined in this Agreement shall have the meanings assigned to them in the Change of Law Protection Agreement;

(c) words importing the singular shall include the plural and vice versa, words importing general shall include all genders or the neuter, and words importing the neuter shall include all genders;

(d) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(e) references to any law, rule, regulation or order of a Governmental Authority (including, for greater certainty, references to the Act and the General Regulation) shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(f) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(g) any reference to this Agreement or any other agreement, document or instrument shall be construed as a reference to this Agreement or, as the case may be, such other agreement, document or instrument as the same may have been, or may from time to time be, amended, varied, replaced, amended and restated, supplemented or otherwise modified;

(h) all references in this Agreement to designated "Articles", "Sections", "Subsections" "Schedules", "Exhibits" and other subdivisions are to the

designated Articles, Sections, Subsections, Schedules, Exhibits and other subdivisions of this Agreement as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 References to the Financing Entity

For greater certainty, each reference to the Financing Entity shall be construed as a reference to the Financing Entity Trustee, as trustee of the Financing Entity.

1.03 Effect of Headings

The Article and Section headings herein and are for convenience only and will not affect the construction hereof.

1.04 Successors and Assigns

All covenants and agreements in this Agreement by the parties will bind their respective successors and permitted assigns, whether so expressed or not.

1.05 Severability

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties will engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

1.06 Governing Law

THIS AGREEMENT WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

1.07 Proceedings Against the Crown Act

NOTHING IN THIS AGREEMENT OR THE PROGRAM AGREEMENTS AFFECTS THE RIGHTS, PROTECTIONS AND IMMUNITIES OF THE CROWN UNDER THE PROCEEDINGS AGAINST THE CROWN ACT.

1.08 Attornment

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS AGREEMENT.

1.09 Counterparts; Electronic Delivery

This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

1.10 Non-Business Days

Whenever any period of time would begin or end or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of this Agreement) such period of time shall begin or end, and such other action shall be taken on the next succeeding Business Day.

1.11 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement will be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement will constitute a waiver of any other provision nor will any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right.

ARTICLE II
COVENANTS OF OPG

2.01 Deliveries to the Province

(a) Not less than [15 Business Days] prior to the initial issuance of any Funding Obligation by the Financing Entity, OPG shall deliver to the Province a copy of the initial Financing Plan. Thereafter, OPG shall promptly deliver to the Province a copy of any proposed change to or replacement of the Financing Plan.

(b) Not less than 10 Business Days prior to (i) any proposed change or supplement to a previously provided Transaction Document becoming effective or otherwise being used ~~or~~, (ii) any additional or replacement Transaction Document becoming effective or otherwise being used, OPG shall deliver to the Province a copy of such proposed change or~~,~~ supplement to the Transaction Document and any such additional or replacement Transaction Document.

(c) Not less than 10 Business Days prior to (i) any change, modification, alteration, amendment, supplement, extension, renewal, compromise, novation, replacement, suspension or waiver of the terms of all or any part of the Approved Obligations or any Collateral therefor being made, (ii) any new, additional or replacement instruments, documents, agreements or security being used or granted in connection with all or any part of the Approved Obligations, or (iii) any waiver, release, reconveyance, termination, abandonment, subordination, exchange, substitution, transfer, compound, compromise, liquidation or enforcement of all or any part of the Approved Obligations or any security or guarantee therefor being effected, OPG shall deliver to the Province a copy of such proposed change or supplement to the Transaction Document and any such additional or replacement Transaction Document, OPG shall deliver to the Province a detailed description of such event and the reasons for it together with any related documents, agreements and instruments.

(d) ~~(c)~~ Promptly following any incurrence of a Funding Obligation or any amendment of a Funding Obligation, OPG shall provide the Province with electronic copies of all related Governing Documents and all other closing documents executed by or on behalf of the Financing Entity in connection with such incurrence or amendment that would affect the Financing Entity's assets or obligations (including, for greater certainty, any related Disclosure Document) and which have not been previously provided to the Province.

(e) ~~(d)~~ Promptly upon request, OPG shall provide the Province with such additional information and documentation as the Province reasonably requests in order to enable the Province to assess the nature and extent of its obligations under the Change of Law Protection Agreement.

2.02 Covenants

(a) OPG shall use commercially reasonable efforts to cause the Financing Entity to:

(i) punctually perform and observe all of ~~its~~the Financing Entity's obligations and agreements contained in the Program Agreements;

(ii) ensure that all Obligations Secured are incurred pursuant to and in accordance with the terms and conditions of the Trust Indenture;

(iii) ensure that no obligations other than the Obligations Secured are incurred by or on behalf of the Financing Entity;

(iv) not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto; and

(v) not:

(A) amend, supplement, modify, restate or replace or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to any of the Program Agreements ~~(other than Funding Obligation Agreements)~~, if any such supplementation, amendment, modification, restatement or replacement or waiver or consent could reasonably be considered to be materially prejudicial to the rights or interests of the Province under the Change of Law Protection Agreement;[4] provided, however, that the foregoing does not apply to any change in particular financial terms, rates and levels;

(B) resign as the Manager under the Management Agreement; or

(C) ~~(B)~~ permit the validity or effectiveness of the Change of Law Protection Agreement to be impaired.

(b) OPG shall:

(i) comply, and shall use commercially reasonable efforts to cause compliance by the Financing Entity, with the Act, the General Regulation and any other enactment related thereto;

(ii) punctually perform and observe all of its (including as the FSM and as Manager) obligations and agreements contained in the Program Agreements;

(iii) ~~(ii)~~ promptly notify the Province of the creation of any Funding Obligation that is not or would not be an Approved Obligation; and

[4] ~~Note to the Province: This change was made to ensure that the Province does not have veto rights over the financial terms of the Funding Obligations (consistent with the overall agreement including in particular sections 3.01 and 3.04(a)).~~

(iv) ~~(iii)~~ after the occurrence of any Protection Event (or any event that with the passage of time or the giving of notice would be a Protection Event), not, without the Province's prior written consent, permit the Financing Entity to exercise any redemption, pre-payment, early termination or extension right in respect of any Approved Obligation or exercise any other election or privilege in respect of any Approved Obligation, in each case if as a result the obligations applicable to the Approved Obligation under the Change of Law Protection Agreement would be accelerated, delayed or otherwise affected.

(c) Nothing in this Agreement nor in the Change of Law Protection Agreement shall limit the obligations of the Province under the Indemnity Agreement by the Province in favour of OPG dated June 1, 2017 (as amended, the "**Indemnity Agreement**") and to the extent of any conflict between this Agreement, the Change of Law Protection Agreement and such Indemnity Agreement, in respect of any matter relating to the Province's obligations to indemnify OPG, the Indemnity Agreement shall prevail.

ARTICLE III
PROCESS CERTIFICATE

3.01 Process Certificate

OPG shall deliver a certificate (the "**Process Certificate**"), signed by the Chief Financial Officer and the Treasurer of OPG (or their respective designees, provided that such designees are also executive officers of OPG) and addressed to the Province, on the earlier of (i) one Business Day prior to the incurrence or any amendment of a Funding Obligation, and (ii) on the Business Day on which the financial terms of such Funding Obligation are definitively determined (including the interest or discount rate applicable to any notes, bonds or other securities), setting out the following with respect to such Funding Obligation:[~~5~~3]

(a) the material terms of the Funding Obligation pertaining to (i) in the case of notes, bonds or other securities, the principal amount, interest or discount rate, third party fees, term to maturity, amortization, redemption or extension features, structure and coupon frequency, as applicable, and (ii) in the case of a Derivative Agreement, the notional amount, financial terms and pricing, benchmarks, payment structures and early termination rights;

(b) if an existing Primary Obligation is proposed to be amended, material details respecting such amendment, including regarding the applicable details set forth in Subsection 3.01(a), as the context requires;

[~~5~~3] Note to Province: We have revised this section so as to allow the Process Agreement to be cleansed from the Change of Law Protection Agreement. In addition to all the deliverables under section 2.01 of this Agreement, the Province will receive the certifications in section 3.01 in the case of an incurrence of funding obligations and an amendment to funding obligations.

(c) a statement to the effect that: (i) the Funding Obligation to be incurred or amended (1) will arise under terms and conditions that are Substantially in the Form of the Reviewed Documentation applicable thereto; (2) in the opinion of the signatories to the Process Certificate, are reasonably incurred or effected in compliance with the Act, the General Regulation, any other enactments related thereto and the applicable Financing Plan; (3) are of a type and are on terms that a reasonably prudent financial services manager would incur in similar circumstances; and (4) reflect, in all material respects, arm's length terms and conditions; and (ii) any Disclosure Document used in connection with the offering and sale of notes, bonds or other securities is Substantially in the Form of the Reviewed Documentation;

(d) a statement confirming that any disclosure made in respect of the Funding Obligation (including any Disclosure Document, press release or other written communication prepared for dissemination to third parties in relation to the Funding Obligation) that refers to or describes the terms, effect or adherence of or to this Agreement or the Change of Law Protection Agreement has been made available for review to the Province prior to use or dissemination, other than where such disclosure was substantially the same as a disclosure previously made;

(e) a statement that no Breach Event has occurred on or prior to the date of the Process Certificate, unless such Breach Event has been waived by the Province in writing; and

(f) confirmation that, at the time the Funding Obligation is incurred or amended, the maximum aggregate payment amounts due or becoming due in the future in respect of Repayments under the Funding Obligation, together with all other outstanding amounts due or becoming due in the future in respect of Repayments under all Approved Obligations, do not and will not exceed the Protection Agreement Maximum; for clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be determined on the date the Process Certificate is delivered hereunder in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

3.02 ~~Acknowledgment~~Intentionally Deleted

~~The Province acknowledges and agrees that, concurrent with the delivery of the Process Certificate pursuant to Section 3.01 of this Agreement, any two senior officers of OPG are authorized to deliver the certificate referred to in Subsection **[4.02(b)]** of the Change of Law~~

~~Protection Agreement to the Indenture Trustee confirming that OPG has delivered to the Province all certifications required by the Province in connection with the incurrence of the Primary Obligations in respect of which such certificate is delivered.~~

3.03 Meaning of "Reviewed Documentation"

For the purposes of Subsection 3.01(c), the term "Reviewed Documentation" shall mean each Transaction Document (including any change, addition or supplement thereto) that, at the relevant time:

(a) is a Transaction Document provided to the Province prior to the making of this Agreement and in respect of which the notice contemplated in the fifth recital to this Agreement has been delivered by the Province to OPG; or

(b) is a Transaction Document provided to the Province in accordance with Subsection 2.01(b) that has been accepted by the Province, as confirmed by way of a written notice of acceptance from the Province delivered to OPG.

3.04 Meaning of "Substantially in the Form"

For the purposes of Subsection 3.01(c), the term "Substantially in the Form" shall mean:

(a) with respect to the Reviewed Documentation referred to in clauses (i) to (xi) of the definition of "Transaction Documents", that there are no differences between the proposed documents and such Reviewed Documentation that could result in a change in the material terms or conditions applicable to the applicable Primary Obligation, including regarding the timing of or circumstances under which related payments are or may become due or accrue (including as a result of any default, acceleration, termination, wind-up, liquidation or realization), or that would affect the Province's rights of subrogation or assignment (including pursuant to **[Section 5.01 or Article VI]** of the Change of Law Protection Agreement) or its interests as a subrogee or an assignee, that would arise as a result of performing the Limited Guarantee in respect of the applicable Primary Obligation or upon the assumption of obligations in accordance with **[Article VI]** of the Change of Law Protection Agreement; provided, however, that the foregoing does not apply to any variable terms to be set forth in the proposed documents as are reasonably contemplated in the Reviewed Documentation, including the particular financial terms, rates and levels set forth in the proposed documents other than to the extent that the forms of Reviewed Documentation themselves specify specific requirements, limitations or parameters with respect to such financial terms, rates, levels and parameters; and

(b) with respect to the Reviewed Documentation referred to in clause (xii) of the definition of "Transaction Documents", that there are no material differences between the form and substance of the proposed Disclosure Document and such form of Disclosure Document and that the proposed Disclosure Document

complies in all material respects with all applicable securities disclosure requirements relating to the Primary Obligation subject to distribution thereunder.

ARTICLE IV
PROTECTION AGREEMENT MAXIMUM

4.01 Protection Agreement Maximum

(a) Not less than 15 Business Days prior to the proposed incurrence of the first Funding Obligation, OPG shall, as the FSM, deliver to the Province: (i) a forecast setting out OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the next following 24 month period (the "**Initial Forecast Period**"), which expectations shall be consistent with the Financing Plan (the "**Initial Forecast**"); and (ii) notice of the initial Protection Agreement Maximum, which may not exceed the Initial Forecast.

(b) Not more than 10 Business Days following receipt of the Initial Forecast and notice of the initial Protection Agreement Maximum from OPG pursuant to Section 4.01(a), the Province may disagree with the Initial Forecast and the initial Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or the Initial Forecast, (ii) the Initial Forecast is inconsistent with the Financing Plan, or (iii) the initial Protection Agreement Maximum is not less than the Initial Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the initial Protection Agreement Maximum will be revised accordingly and confirmed by an amended notice to the Province.

(c) Between nine (9) and twelve (12) months prior to the end of the Initial Forecast Period, OPG shall, as the FSM, deliver to the Province an updated forecast setting out the sum of (1) the aggregate amount of Repayments that will arise in the future under Approved Obligations that are then outstanding and (2) OPG's expectations regarding the aggregate maximum amount of Repayments that would arise in the future under Approved Obligations to be incurred during the period ending 24 months following the Initial Forecast Period, which expectation shall be consistent with the then applicable Financing Plan. Such updated forecast shall be further updated on a similar basis with respect to each successive 24 month period or more frequently if at any time OPG has knowledge that the most recent forecast is materially inaccurate (the Initial Forecast and each such updated forecast, each a "**Forecast**"). Together with each Forecast, OPG shall also provide a revised Protection Agreement Maximum, which may not exceed such Forecast.

(d) Not more than 10 Business Days following receipt of any further Forecast and notice of the revised Protection Agreement Maximum from OPG pursuant to Section 4.01(c), the Province may disagree with such further Forecast or revised

Protection Agreement Maximum on the basis that (i) there appears to be inaccuracies in the Financing Plan or such further Forecast, (ii) the further Forecast is inconsistent with the Financing Plan, or (iii) the revised Protection Agreement Maximum is not less than the further Forecast. If the Province disagrees, OPG shall discuss any discrepancies with the Province, address any inaccuracies and inconsistencies to the reasonable satisfaction of the Province, and the revised Protection Agreement Maximum will be further revised accordingly and confirmed by an amended notice to the Province.

(e) For clarity, Repayments under Obligations Secured owing in currencies other than Canadian dollars will be valued at the time to be determined for the purposes of this Section 4.01 in accordance with the following:

(i) where a Derivative Agreement has been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the hedged value expressed in Canadian dollars; and

(ii) where a Derivative Agreement has not been entered into to hedge related currency exposures, Repayments under such obligations shall be valued on the basis of the noon spot rate for conversions of any currencies into Canadian dollars.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of OPG

OPG represents and warrants that on the date hereof and on each day that a Primary Obligation is incurred or amended:

(a) The Financing Entity is a trust duly constituted and validly existing under the laws of the Province of Ontario, is duly qualified to carry on its business in each jurisdiction in which it carries on business, and has the power and authority to perform the acts that OPG, as the FSM, may cause it to perform pursuant to this Agreement and to own its property and carry on its business in accordance with the Program Agreements.

(b) OPG is a corporation duly constituted and validly existing under the laws of the Province of Ontario and has the power and authority to enter into and perform its obligations under this Agreement and all instruments and agreements delivered pursuant hereto.

(c) OPG has the power and authority to enter into and perform its obligations as the FSM under the Program Agreements and all instruments and agreements delivered pursuant thereto.

(d) The execution, delivery and performance of this Agreement and every instrument or agreement delivered pursuant hereto or in its capacity as the FSM has been or will be duly authorized by all requisite action by OPG and constitute a valid and binding obligation in accordance with its terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting the Financing Entity at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Financing Entity or in the ability of the Financing Entity to perform its obligations under the Program Agreements.

(f) There are no actions, suits or proceedings pending or, to the knowledge of OPG, threatened against or affecting OPG at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of OPG or in the ability of the OPG to perform its obligations under this Agreement or any Program Agreements.

(g) The performance by the Financing Entity of the Program Agreements does not conflict with, will not conflict with, does not result in, and will not result in, any breach of, and does not constitute, a default under, the Declaration of Trust or any agreements or instruments to which the Financing Entity is a party or by which it or any of its property and assets are bound.

(h) Neither the execution nor delivery of this Agreement, the Program Agreements nor any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein or therein, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the constating documents of OPG or any agreements or instruments to which OPG is a party or by which it or any of its property and assets are bound.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of OPG is required in connection with the execution and delivery of this Agreement, the Program Agreements or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or thereby or in connection with the enforcement of this Agreement, the Program Agreements or

any agreements or instruments delivered pursuant hereto or thereto, except those which have been obtained.

5.02 Representations and Warranties of the Province

The Province hereby represents and warrants that:

(a) the execution~~,~~ and delivery of, and the performance of its obligations under, this Agreement by the Province have been authorized by all necessary action on the part of the Province;

(b) the execution~~,~~ and delivery of, and the performance of its obligations under, this Agreement by the Province do not result in the violation of any applicable law; and

(c) this Agreement has been duly executed and delivered by the Province.

ARTICLE VI
PROCESS FOR ELECTION TO ASSUME APPROVED OBLIGATIONS[64]

6.01 Election by the Province

~~At~~Pursuant to Section 6.01 of the Change of Law Protection Agreement, at any time following the occurrence of a Protection Event, the Province may (but shall not be obligated) elect to assume the Financing Entity's obligations in respect of all Obligations Secured, as obligor and debtor~~. To make such~~ by giving notice to the Indenture Trustee. Prior to determining whether or not to exercise its election, the Province ~~shall duly complete and~~may deliver to OPG a notice in the form of Exhibit A (an "**~~Exploration~~Election Information Notice**"). The ~~Exploration~~Election Information Notice shall, among other things, specify the date on which the Province proposes to assume the Obligations Secured, which date shall be no earlier than 20 Business Days following delivery of the ~~Exploration~~Election Information Notice to OPG (the "**Proposed Assumption Date**").

6.02 Details regarding Obligations Secured

Promptly following the delivery of the ~~Exploration~~Election Information Notice to OPG, OPG shall provide the following information and documentation to the Province:

(a) a summary of the amounts that will be owing under all Obligations Secured as of the Proposed Assumption Date, together with a detailed schedule setting out the dates on which such amounts will become due and payable under the Obligations Secured;

[64] Note: Lawyers to discuss assumption mechanics.

(b) a summary of the rights arising under the Obligations Secured that permit the Financing Entity to assign the Obligations Secured to the Province, including details regarding any conditions precedent to such assignment and the related assumption becoming effective and any notices, filings, consents or other actions that will be required in order to implement and effect such assignment and assumption;

(c) current versions of all documentation under which the Obligations Secured arise;

(d) copies of all correspondence exchanged between OPG, as the FSM, or the Financing Entity, on the one hand, and any Specified Creditor, Rating Agency or the Indenture Trustee, on the other hand, in each case that may reasonably be considered to be material to the assumption and performance of the Obligations Secured by the Province; and

(e) all income tax returns and assessments, financial statements and notices of proceedings of or pertaining to the Financing Entity or its business and any documentation related thereto, including any pleadings, appeals, objections, qualifications or other similar materials in respect of the Financing Entity or any Program Agreement.

6.03 Settlement of Terms

~~Within 30 Business Days following~~Following receipt and review by the Province of the information and documentation to be provided under Section 6.02, the Province shall confirm in writing whether or not it ~~will~~expects to proceed with the assignment and assumption of the Obligations Secured and, if it will be proceeding with the assignment and assumption, the date on which the Province ~~intends~~expects that assignment and assumption will be effected~~, which may not be earlier than the Proposed Assumption Date~~. If it will be proceeding with such assignment and assumption, the Province will deliver an Assumption Notice as contemplated under Section ~~[~~6.01~~]~~ of the Change of Law Protection Agreement~~, which will specify such date as the "Assumption Closing Date" for the purposes thereof~~. A decision not to proceed with an election at any time will not limit the Province from proceeding with an election at a later date, including by issuing a further Election Information Notice and Article VI of this Agreement shall continues to apply unaffected.

6.04 Cooperation to Implement the Assignment and Assumption

OPG shall cooperate with the Province and, as FSM, will use commercially reasonable efforts to cause the Financing Entity to cooperate, and shall use its commercially reasonable efforts, to complete the assignment and assumption of the Obligations Secured by and from the Financing Entity to and by the Province, by the applicable Assumption Closing Date.

6.05 Terms of Obligations Secured

In order to permit the Province to assume the Obligations Secured in the circumstances contemplated herein, OPG, as FSM, shall cause the Financing Entity to use ~~its~~ commercially

reasonable efforts to ~~cause the Financing Entity to~~ ensure that all Obligations Secured permit such an assignment to and assumption by the Province substantially in accordance with the terms and on the basis contemplated in the Assumption Agreement, without any penalty or make-whole payment, or any requirement for further consent, approval or agreement, or alternatively, in the case of any Obligations Secured entered into by or on behalf of the Financing Entity for the provision of on-going services to the Financing Entity permitting the satisfaction and termination of such Obligations Secured on or prior to the effective time of such assumption without any acceleration of future fees, profits or other like amounts, **[other than to the extent of payment obligations arise under market standard mark-to-market payment terms and conditions included on a commercially reasonable basis under a Derivative Agreement][NTD: Subject to the input of the dealers.]**[5]

ARTICLE VII
BREACH EVENTS

7.01 Breach Events

"**Breach Event**" shall mean the occurrence or existence of any one or more of the following:

(a) a default in the performance, or breach, of any covenants of OPG under this Agreement, which continues for thirty (30) days after written notice by the Province to OPG of such default or breach;

(b) any representation or warranty made by OPG in this Agreement, any certification made in a Process Certificate, or any certification made in a certificate contemplated by Section **[4.02]** of the Change of Law Protection Agreement, proves to be incorrect on the date made and, if curable, is not cured within thirty (30) days after written notice by the Province to OPG of such misrepresentation; or

(c) OPG is no longer the Manager or actions have been taken by or on behalf of the Indenture Trustee to remove OPG as the Manager.

7.02 Notice on Breach Event

If any Breach Event shall have occurred and not been waived in writing by the Province, the Province shall have the right at its option, upon written notice to OPG, and in addition to and not in substitution for any other remedies available hereunder at law or equity, to provide a

[5] The Trust Indenture will need to be revised to ensure that the Province's assignment and assumption right is fully contemplated and may be implemented without any requirement for further Specified Creditor or other third party consents. Among other changes, it is contemplated that Torys will add the following to the MTI to address this requirement: (i) Specified Creditors will be required to acknowledge the rights of the Province to assume the Obligations Secured on the basis contemplated in the form of assumption agreement, and (ii) the Indenture Trustee will be permitted to enter into and give effect to the global Assumption Agreement without the consent of Specified Creditors or any other third parties.

Suspension Notice to the Indenture Trustee, OPG and the Financing Entity in accordance with the terms of the Change of Law Protection Agreement.

ARTICLE VIII
MISCELLANEOUS

8.01 Term of Agreement

This Agreement will continue for the term of the Change of Law Protection Agreement.

8.02 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, will be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications will be delivered by hand or sent by facsimile or other means of electronic communication and will be deemed to have been received in accordance with this Section. Notices and other communications will be addressed as follows:

(a) if to OPG:

Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6
Attention: [■]
Fax: (416) [■]
Email: [■]

(b) if to the Province:

Ministry of Finance
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

and

Ministry of Energy
[Address]
Attention: [■]
Fax: (416) [■]
Email: [■]

or to such other addresses as a party may from time to time notify the other parties in accordance with this Section 8.02.

8.03 Assignment

(a) None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other parties.

(b) Any purported assignment of this Agreement in violation of this Section 8.03 shall be null and void.

8.04 Enurement

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

8.05 FIPPA

The parties acknowledge that the Province will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Province, or any agent or representative of the Province in connection with this Agreement may be subject to disclosure in accordance with the act or as otherwise required by law.

8.06 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Agreement.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE

By: _____

Name:
Title:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Name:
Title:

ONTARIO POWER GENERATION INC.

By: _____

Name:
Title:

By: _____

Name:
Title:

Each of the undersigned hereby acknowledge the foregoing as of the day and year first above written.[7]

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer, by **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

~~By:~~ ~~**ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager~~

By: _____

Name:
Title:

By: _____

Name:
Title:

[7] ~~The Indenture Trustee was removed as a party to this Agreement as it is not subject to any of the provisions in this Agreement.~~

SCHEDULE A
DEFINED TERMS[86]

"**Act**" has the meaning ascribed thereto in the first paragraph of the recitals in this Agreement.

"**Adherence Conditions**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Approved Obligation**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Assumption Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement. ~~[NTD: To confirm if Change of Law Protection Agreement will attach a form of assumption.]~~

"**Assumption Closing Date**" has the meaning ascribed thereto in Section 6.03.

"**Beneficiaries**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Breach Event**" has the meaning ascribed thereto in Section 7.01.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by applicable law, regulation or executive order to be closed.

"**Change of Law Protection Agreement**" means the Change of Law Protection Agreement dated [■], 2017 among the Province, the FSM on behalf of the Financing Entity and the Indenture Trustee.

"**Collateral**" has the meaning ascribed thereto in the Trust Indenture.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Financing Entity and any other owner or owners of an Investment Interest as contemplated by Subsection 29(5) of the Act.

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Financing Entity was established.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar

[8] ~~Province should not have~~[6] If Province is satisfied that it will receive notice of any amendments, waivers, etc. under the various agreements, and corresponding rights under the trust indenture as a secured creditor, Province will not require veto rights over changes to the defined terms in the MTI. ~~Province is given sufficient notice of all amendments by the terms of this Agreement~~All of this is predicated on Province receiving comfort from OPG that no changes, amendments, waivers, etc. will be made if outside the pre-agreed scope of the reviewed documents.

transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Financing Entity in connection with or related to Funding Obligations.

"**Disclosure Document**" means a disclosure document (including any offering circular, prospectus or other investor disclosure statement) describing the material terms of the notes, bonds or securities to be issued pursuant to a supplemental indenture under the Trust Indenture, together with any related material information;

"~~**Exploration**~~**Election Information Notice**" has the meaning ascribed thereto in Section 6.01.

"**Financing Entity**" means Fair Hydro Trust, a trust settled by the FSM under the laws of the Province of Ontario and under which the Financing Entity Trustee is the trustee.

"**Financing Entity Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Financing Entity at such time.

"**Financing Plan**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Forecast**" has the meaning ascribed thereto in Section 4.01(c).

"**FSM**" has the meaning ascribed thereto in the second paragraph of the recitals of this Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Agreement but~~, for greater certainty, excludes the "other amounts owing in respect of the funding obligations" in Section 2(2) of the General Regulation~~ in no event shall it include obligations to service providers or amounts payable by the Financing Entity to a counterparty under any agreement permitted to be entered into by the Financing Entity pursuant to the Program Agreements.

"**General Regulation**" means O. Reg. 206/17 made under the Act.

"**Governing Document**" has the meaning ascribed to the term "governing document" in the General Regulation.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" has the meaning ascribed thereto in the Act as of the date of this Agreement.

"**Indenture Trustee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Initial Forecast**" has the meaning ascribed thereto in Section 4.01(a).

"**Initial Forecast Period**" has the meaning ascribed thereto in Section 4.01(a).

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Agreement.

"**Legislature**" means the Legislature of the Province of Ontario.

"**Limited Guarantee**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Management Agreement**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Manager**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Financing Entity and IESO.

"**Obligations Secured**" has the meaning ascribed thereto in the Trust Indenture.

"**OPG**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Primary Obligations**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Process Certificate**" has the meaning ascribed thereto in Section 3.01.

"**Program Agreements**" has the meaning ascribed thereto in the Trust Indenture.

"**Proposed Assumption Date**" has the meaning ascribed thereto in Section 6.01.

"**Protection Agreement Maximum**" means the dollar amount referenced as the Program Agreement Maximum and determined in accordance with Article IV.

"**Protection Event**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**Province**" has the meaning ascribed thereto in the first paragraph of this Agreement.

"**Rating Agency**" has the meaning ascribed thereto in the Trust Indenture.

"**Reviewed Documentation**" has the meaning ascribed thereto in Section 3.03.

"**Repayment**" has the meaning ascribed to the term "repayment" in the General Regulation as of the date of this Agreement.

"**Specified Creditors**" has the meaning ascribed thereto in the Trust Indenture.

"**Substantially in the Form**" has the meaning ascribed thereto in Section 3.04.

"**Suspension Notice**" has the meaning ascribed thereto in the Change of Law Protection Agreement.

"**this Agreement**" means this agreement, as amended, supplemented, restated or otherwise modified from time to time.

"**Transaction Document**" means (i) all constating and organizational documents of the Financing Entity, including the Declaration of Trust; (ii) any management, administration or servicing agreement to which the Financing Entity is a party, including any replacement or standby services agreement and the Management Agreement; (iii) the Master Transfer and Servicing Agreement; (iv) Trust Indenture; (v) the form of supplemental indenture (supplemental to the Trust Indenture) governing the terms and conditions of a sample series of notes, bonds or other securities to be issued by the Financing Entity, including the particular allocations, security and priority of the Obligations Secured being serviced by the related Investment Interest and any other related series property; (vi) the form of any note, bond or securities purchase agreement; (vii) the form of underwriting agreement, agency agreement, selling agreement and/or subscription agreement that may be used with respect to a sale of a related series of notes, bonds or securities to be issued under the supplemental indenture referred to in (v), above; (viii) the form of any loan or credit agreement governing the issuance of short term loan obligations by the Financing Entity; (ix) the form of schedule to an ISDA Master Agreement governing derivative transactions that may be entered into the Financing Entity from time to time; (x) the form of any other agreement or instrument under which a Funding Obligation may arise or be effected, including any other agreement under which the Financing Entity incurs a material financial obligation or that affects the Province's subrogation rights and/or subrogee interests, including any standby liquidity arrangements or credit enhancement agreements; (xi) if applicable, a Co-Owner Agreement or any other agreement governing the respective interests of persons having rights or interests in the investment asset or other assets of the Financing Entity, including any other agreement of the sort contemplated in Subsection 29(5) of the Act; and (xii) the form of Disclosure Document.

"**Trust Indenture**" means the trust indenture between the Financing Entity and the Indenture Trustee dated as of [■], 2017.

EXHIBIT A
FORM OF ~~EXPLORATION~~ELECTION INFORMATION NOTICE

Document comparison by Workshare Compare on Friday, November 17, 2017 2:25:52 PM

Input:	
Document 1 ID	PowerDocs://TOR_2528/23239361/11
Description	TOR_2528-#23239361-v11-CLPA_-_Process_Agreement
Document 2 ID	PowerDocs://TOR_2528/23239361/12
Description	TOR_2528-#23239361-v12-CLPA_-_Process_Agreement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	66
Deletions	67
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	137

From:	Anna Strathy
To:	Mike Manning; Ronald Kwan; Ken Kandeepan; Scott Nelms (ENERGY); James Devine; Carlos Yep; "Cengarle, John (MOF"; Keley Katona (ENERGY); Mark Donaldson (MOF); John Kim; Tom McKinlay (MAG); "Thouin, Alena (ENERGY"; "stephen.ashbourne@blakes.com"; Malle Hanslep (MOF); Usman Zahid
Subject:	Teleconference | Obligor Approval Process
Start:	Wednesday, September 27, 2017 10:00:00 AM
End:	Wednesday, September 27, 2017 10:30:00 AM
Location:	Conference Call: 1-866-602-5461 or 416-212-8011 | Conference ID: 4717656

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
Moderator: OFA

From:	Anna Strathy
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Ken Kandeepan; Mike Manning; Ronald Kwan; Usman Zahid; John Kim; Veinot, Cindy (TBS); Hilary Cox (ENE); Steen Hume (CAB); Tim Christie (ENERGY); Gadi Mayman; Mark Donaldson (MOF); "Hosick, Sarah (TBS)"; "LEE John -TREASURY"; WONG Leslie -LAWDIV; "Ramchandani, Rima"; "nmansoori@torys.com"
Subject:	Teleconference | Protection Agreement, Notifying the Province of Amendments | OPG, OFA, Energy, Counsel

Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to Moderate

From:	Anna Strathy
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); ASHBOURNE, STEPHEN (STEPHEN.ASHBOURNE@blakes.com); Tom McKinlay (MAG); Thouin, Alena (ENERGY); Ken Kandeepan; Mike Manning; Ronald Kwan; Usman Zahid; John Kim; Veinot, Cindy (TBS); Hilary Cox (ENE); Steen Hume (CAB); Tim Christie (ENERGY); Gadi Mayman; Mark Donaldson (MOF); "Hosick, Sarah (TBS)"; "LEE John -TREASURY"; WONG Leslie -LAWDIV; "Ramchandani, Rima"; "nmansoori@torys.com"
Cc:	LADAK Lubna -TREASURY
Subject:	Teleconference | Protection Agreement, Notifying the Province of Amendments | OPG, OFA, Energy, Counsel

Teleconference Details Updated

Teleconference 416-933-3865
Conference ID: 9845204
Blakes as Moderator

From:	Anna Strathy
To:	Malle Hanslep (MOF); Ronald Kwan; Ken Kandeepan; Tobias P. Whitfield (MOF); Scott Nelms (ENERGY); Mike Manning; Gadi Mayman; "STEPHEN.ASHBOURNE@blakes.com"; Mark Donaldson (MOF); Keley Katona (ENERGY); Tom McKinlay (MAG); Thouin, Alena (ENERGY); "LEE John -TREASURY"; "mfeldman@torys.com"
Cc:	Gavin He; Hosick, Sarah (TBS); Cengarle, John (MOF); John Kim; RYFA Ken -TREASURY
Subject:	Teleconference: Provincial Protection Agreement

Rescheduled to allow OPG staff to participate.

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Toll-free dial-in number: 1-866-602-5461
Local dial-in number: 416-212-8011
Conference ID: 4717656
OFA to moderate

From:	Anna Strathy
To:	Malle Hanslep (MOF); Ronald Kwan; Ken Kandeepan; Tobias P. Whitfield (MOF); Scott Nelms (ENERGY); Mike Manning; Gadi Mayman; "STEPHEN.ASHBOURNE@blakes.com"; Mark Donaldson (MOF); Keley Katona (ENERGY); Tom McKinlay (MAG); Thouin, Alena (ENERGY); "LEE John -TREASURY"
Cc:	Gavin He; Hosick, Sarah (TBS); Cengarle, John (MOF)
Subject:	Teleconference: Provincial Protection Agreement

Toll-free dial-in number: 1-866-602-5461
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Conference ID: 4717656
OFA to moderate

From:	Anna Strathy
To:	Gadi Mayman
Cc:	Mike Manning; Ronald Kwan; Ken Kandeepan; John Kim
Subject:	Teleconference: Provincial Protection Agreement
Date:	Thursday, September 14, 2017 1:14:40 PM

Hi Gadi,

A short summary of the call after you left (it didn't finish until 12:20pm):

We finished your discussion around the *Event of Default Cure*:

- to be addressed in the Protection Agreement. Term sheet will reflect language similar to Representations and Warranties section (i.e., To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity, subject to accounting/legal considerations)
- OPG expressed concern with punting issues off the term sheet and onto the Protection Agreement; given that timelines for drafting the Protection Agreement will be similarly compressed.

We then went through the term sheet from the start:

- Drafting changes will not be made
- Reference to comingling risk/warehousing to be removed
- Agreed that the protection agreement would also apply to the sub-debt
- Organizational change in IESO/market change will be narrowed (per Steve's wording)
- Under *Subrogation* remove the line "The Financing Entity may not change or consent to any change in such rights and interests without the Obligor's prior written consent" – gets to the accounting concern/Provincial control
- Clarified that the *Optional Replacement* was not the Province swapping out the Financing Entity for some other entity (dealers' concern), but rather the Province stepping in for the Financial Entity. Agreed to amended language

Follow-ups:

- With respect to the triggering event following from a court decision, there was a lengthy conversation about the wording "final, non-appealable". Steve felt it was necessary to keep in – to avoid any gaming of the system – and Tory's felt that it would be problematic for dealers (i.e., payments put on hold during lengthy litigation). OFA suggested we take the conversation offline. I'll schedule a call with Steve and Malle for this afternoon.
- Malle and Steve would like to review the Financing Plan at the earliest opportunity. The importance/urgency of reviewing the Financing Plan is unclear.

Next steps:

- Malle/Steve will mark up the version that went to the Minister with the changes discussed at the meeting
- Tory's will be able to sign-off on the revisions fairly quickly
- Tory's will present the mark-up to Osler's/dealers with instruction to focus on material points (not drafting issues)

- Meeting to be set up for early next week to deal with substantive issues for inclusion in the Protection Agreement; OPG to bring forward accounting issues as flagged by E&Y
- With respect to timing, OPG is going to its Board on September 29 with the Protection Agreement; Board will want comfort that E&Y has signed off

Thanks, Anna

Anna Strathy
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Ontario Financing Authority
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From:	Mike Manning
To:	stephen.ashbourne@blakes.com; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Cc:	Ken Kandeepan; Anna Strathy; Ronald Kwan
Subject:	US Dollar Debt
Date:	Tuesday, November 14, 2017 3:36:22 PM

Not sure if this helps at this stage, but OPG happy to say protection agreement applies to Canadian dollar issuance only. They appreciate that US dollar issuance would be a different kind of animal.

Regards, Mike

From:	ASHBOURNE, STEPHEN
To:	Ronald Kwan
Cc:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject:	"Non-appealable" Issue
Date:	Thursday, September 14, 2017 5:58:14 PM
Attachments:	Term Sheet - Provincial Support Agreement - Sept 14.DOCX

Hi Ron. We reserved on the "non-appealable" point in the version of the Term Sheet that was circulated to Torys and OPG earlier this afternoon. See the footnote on p.2 of the attached. I believe that if this point is not resolved by the time the Term Sheet is to be attached to the Treasury Board submission, the intention is to leave the square brackets in place to show it is an open item. Thanks for your follow-up. Steve

Stephen R. Ashbourne
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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Thursday, September 14, 2017 5:00 PM
To: Hill, Krista (khill@torys.com); ASHBOURNE, STEPHEN; 'LEE John -TREASURY'; 'mfeldman@torys.com'; rramchandani@torys.com; RYFA Ken -TREASURY
Cc: He, Gavin (OFA); Hosick, Sarah (TBS); Cengarle, John (MOF); Kim, John (OFA); Strathy, Anna (OFA); Hanslep, Malle (MOF); Kwan, Ronald (OFA); Kandeepan, Ken (OFA); Nelms, Scott (MOF); Manning, Mike (OFA); Mayman, Gadi (OFA); Donaldson, Mark (TBS); Katona, Keley (MOF); McKinlay, Tom (ENERGY); Thouin, Alena (ENERGY)
Subject: RE: Provincial Protection Agreement

Please find attached a revised version of the Protection Agreement term sheet based on our conversation this morning.

Best
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance

tobias.whitfield@ontario.ca
Phone: 416-325-1456

<u>Provincial Protections and Assurances</u>

<u>Indicative Term Sheet</u>

<u>Ontario Fair Hydro Plan Act, 2017</u>

*This indicative term sheet (the "**Term Sheet**") relates to transactions contemplated to be undertaken under the Ontario Fair Hydro Plan Act, 2017 (the "**Act**") and the regulations made thereunder (the "**Regulation**"). This Term Sheet is to be held confidential. Unless otherwise specified, defined terms used herein have the meanings ascribed to them in the Act. The provincial protection and assurance arrangements contemplated in this Term Sheet will include such terms and conditions as the Minister of Energy and the Minister of Finance determine to be appropriate. This Term Sheet is not intended to create any obligations or be binding.*

Change of Law Protection Agreement:	A Change of Law Protection Agreement will be among the Obligor, a Financing Entity and an Indenture Trustee, acting for and on behalf of the Beneficiaries in accordance with a Trust Indenture.
Obligor:	The Province of Ontario, by the Minister of Energy and the Minister of Finance acting together.
Indenture Trustee:	An indenture trustee, acting for itself and on behalf of other persons entitled under an applicable Trust Indenture.
Beneficiaries:	The Indenture Trustee, acting for itself and on behalf of other persons entitled under Specified Claims.
Specified Claims:	Payment obligations of the Financing Entity that are secured under the Trust Indenture and that are approved as contemplated below under Obligor Approval.
Protection Events:	Any of the following would constitute a Protection Event: (A) (1) the Legislature repeals (and does not replace on an equivalent basis) or amends the Act or any portion thereof; (2) the Legislature enacts or amends any other statute; (3) the Lieutenant Governor in Council repeals (and does not replace on an equivalent basis) the Regulation made under the Act or any portion thereof; or (4) the Lieutenant Governor in Council, a minister of the Crown, an official of the government or a board or commission all the members of which are

	appointed by the Lieutenant Governor in Council makes or amends any "regulation" (as defined in Part III of the *Legislation Act, 2006*); (5) there is a change in the organization or structure of the IESO or Ontario's market undertaken at the initiative of the Province or an entity controlled by the Province, in each case, that materially and adversely affects (a) the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims, or (b) the Change of Law Protection Agreement or any of the agreements under which Specified Claims arise, other than if the Indenture Trustee has confirmed in writing that the affect under such agreements is otherwise acceptable; or (B) a court of competent jurisdiction [in a final and non-appealable judgement][1] determines that all or a portion of the Act or the Regulation is *ultra vires* or invalid in a way that materially and adversely affects the ability of the Financing Entity to receive amounts on its investment interest so that it can pay Specified Claims.
Obligation to Pay Specified Claims:	Upon the occurrence of a Protection Event, the Indenture Trustee will have the right to require the Obligor to pay the Specified Claims owing by the Financing Entity when they become due and payable (without acceleration). The exercise of such right by the Indenture Trustee in accordance with the Trust Indenture shall constitute the only remedy available under the Change of Law Protection Agreement. Under no circumstances shall the Obligor be obligated to pay or indemnify a Beneficiary for consequential, special or punitive damages, or for economic loss or loss of profits.
Subrogation:	Upon paying a Specified Claim to a Beneficiary, the Obligor as guarantor shall have rights of subrogation, including becoming entitled to all of the applicable Beneficiary's rights and interests under and in respect of the Specified Claim, including the security interest in each related investment interest and related property of the Financing Entity.

[1] Under consideration to assess the marketability implications of this phrase.

Optional Assumption:	At any time following the occurrence of a Protection Event, the Obligor shall be entitled (but not obligated) to assume the Financing Entity's obligations in respect of Specified Claims as obligor and debtor. The Financing Entity (including through the Financial Services Manager) will ensure that Specified Claims permit such an assumption by the Obligor without any penalty or make-whole payment (or, in the case of any contract for the provision of on-going services to the Financing Entity, the satisfaction and termination of the Specified Claims without any acceleration of future fees, profits or other like amounts), or any requirement for further consent, approval or agreement.
Term:	The Change of Law Protection Agreement will continue for as long as any Specified Claim remains outstanding.
Obligor Approval:	The process by which a Specified Claim will become subject to the Change of Law Protection Agreement will be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
FIPPA:	The Change of Law Protection Agreement will acknowledge that the Obligor will be bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and that any information provided to the Obligor, or any agent or representative of the Obligor in connection with the Change of Law Protection Agreement, may be subject to disclosure in accordance with the act or as otherwise required by law.
Representations and Warranties:	To be determined by the Minister of Finance and Minister of Energy in negotiation with the Financing Entity.
Confidentiality Obligations:	To be determined based on what would be customary and appropriate for similar types of arrangements and is acceptable to the Obligor and the Financing Entity.
Governing Law:	Province of Ontario.